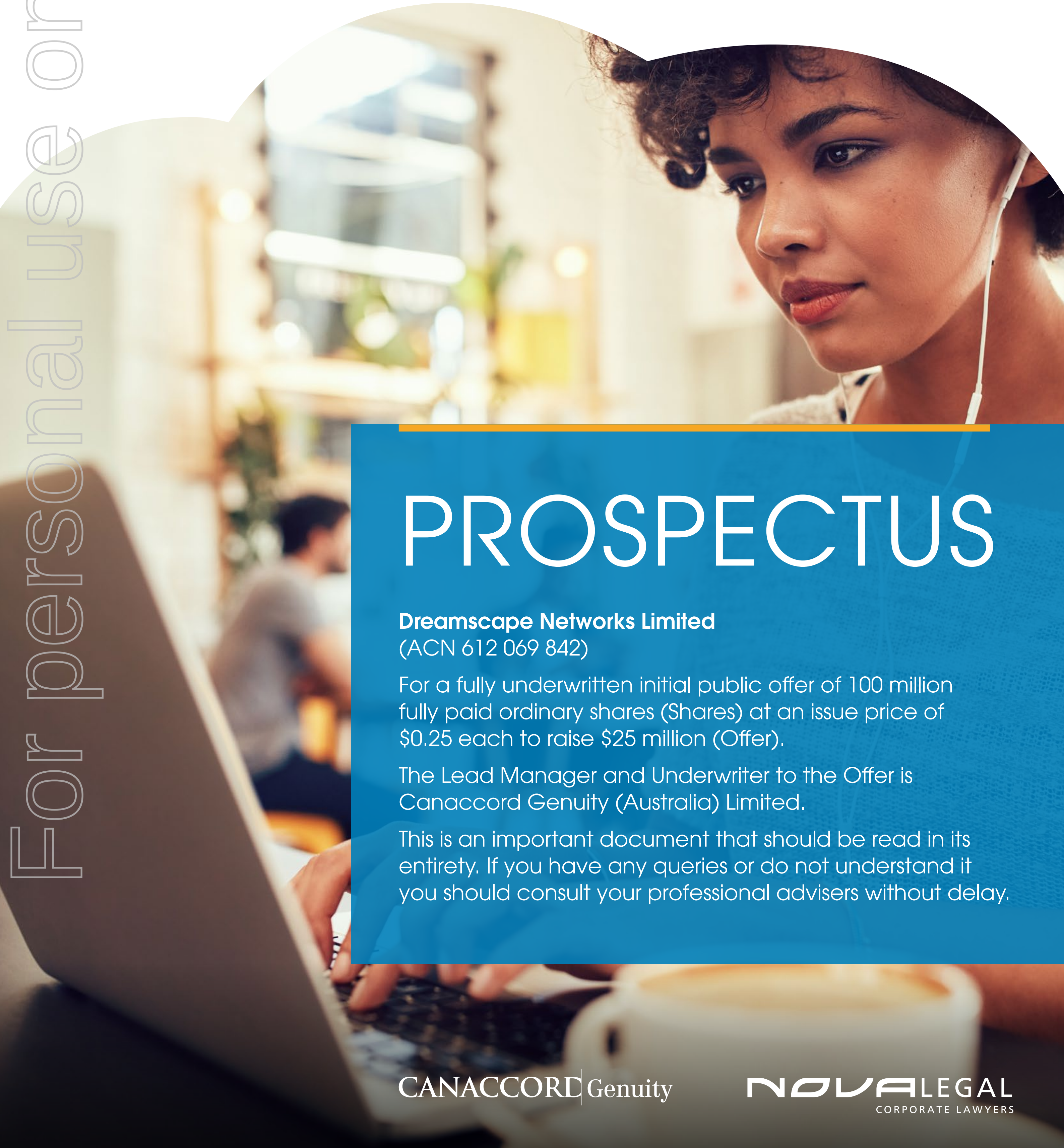
dreamscape NETWORKS



PROSPECTUS

Dreamscape Networks Limited
(ACN 612 069 842)

For a fully underwritten initial public offer of 100 million fully paid ordinary shares (Shares) at an issue price of $0.25 each to raise $25 million (Offer).

The Lead Manager and Underwriter to the Offer is Canaccord Genuity (Australia) Limited.

This is an important document that should be read in its entirety. If you have any queries or do not understand it you should consult your professional advisers without delay.

CANACCORD Genuity

NOVA LEGAL CORPORATE LAWYERS

CORPORATE DIRECTORY

Board and Management

Peter James
(Non-Executive Chairman)

Mark Evans
(CEO and Managing Director)

Gavin Gibson
(COO and Executive Director)

Evan Cross
(Non-Executive Director)

Michael Malone
(Non-Executive Director)

Tony Sparks
(Group Finance Executive and Company Secretary)

Lead Manager and Underwriter

Canaccord Genuity (Australia) Limited
Level 26, 9 Castlereagh Street
Sydney NSW 2000

Solicitors to the Company

Nova Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

Investigating Accountant

HLB Mann Judd Corporate (WA) Pty Ltd
Level 4, 130 Stirling Street
Perth WA 6000

Auditor of the Company

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Proposed ASX Code

DN8

Registered Office

Level 2, 8 Howlett Street
North Perth WA 6006

Telephone: +61 8 9422 0894

Facsimile: +61 8 9422 0801

Principal Place of Business

Suite 211, DIC, Building 11
Dubai Internet City

Telephone: +971 4-457-2417

Facsimile: +971 4-457-2417

Email: info@dreamscapenetworks.com

Website: www.dreamscapenetworks.com.au

Share Registry*

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Tce
Perth WA 6000

Investor enquiries:

Mail: GPO Box 2975, Melbourne VIC 3001

Telephone (Aus): 1300 850 505

Telephone (INT): +61 3 9415 4000

Facsimile: +61 3 9473 2500

Email: web.queries@computershare.com.au

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

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Important notice

This Prospectus is dated 3 November 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

A copy of this Prospectus can be downloaded from the website of the Company at www.dreamscapenetworks.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. This distribution of this Prospectus (in electronic or hard copy form) in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register to qualify the Shares, or the Offer, or otherwise permit a public offering of Shares, in any jurisdiction outside Australia. This Prospectus may not be distributed to, or relied upon by, any person in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933, (US Securities Act) or the securities laws of any state of the United States and may not be offered or sold in the United States unless the Shares are registered under the US Securities Act, or are offered or sold in a transaction exempt from, or not subject to the registration requirements of the US Securities Act and applicable US state securities laws is available. See Section 7.21 for further information.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

This Prospectus contains forward-looking statements which are identified by words such as 'could', 'believes', 'may', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and its Directors and management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law. These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Prospectus.

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

Chairman's letter

Dear Investor

On behalf of the Board of Dreamscape Networks Limited, I am pleased to present this Prospectus to you and invite you to participate in the offer of 100,000,000 Shares at an issue price of $0.25 each, to raise $25 million (before expenses).

Dreamscape Networks is a leading domain, hosting and solutions provider in the Australian and New Zealand markets. It was established in early 2000 and has a demonstrated track record of success in growth and profitability as a private company over its 16 year history. The Group has significant further opportunities for growth in other English speaking markets and intends to use its experience and operating history to grow its market share in existing and new markets as set out in this Prospectus.

This initial public Offer affords investors with the opportunity to participate in the ownership of this successful and profitable enterprise. Through this Prospectus, the Company will acquire 100% of the ownership of the Group from the Vendors. Following completion of the Acquisition and Offer, the Vendors will continue to own approximately 68.1% of the Company.

The Company is seeking to raise $25 million via the Offer, which will be used to fund the cash portion of the Acquisition of the Group from the Vendors ($10 million) and to provide expansion capital ($15 million before costs of the issue) to grow the Dreamscape Business in its target markets, including expansion into English speaking Asian countries, via strategic business acquisitions, regional marketing and new product development.

In addition to the purpose of raising funds under the Offer, this Prospectus is also issued for the purpose of complying with Chapters 1 and 2 of the ASX Listing Rules, in order to satisfy the requirements for the Company's Shares to be admitted to trading on the ASX.

An investment in the Company is subject to a range of risks, which are highlighted in Section 5, including the impact of increasing competition in the Domain market, retaining existing customers and attracting new customers, integration and transition of any potentially acquired businesses and the ability to enter new markets. I encourage you to read this Prospectus carefully and in its entirety and, if you are in any doubt as to its contents, to consult your stockbroker, accountant, lawyer or other professional adviser without delay.

On behalf of the Board, I am pleased to invite you to participate in this exciting investment opportunity and look forward to welcoming you as an investor and shareholder in the Company.

Yours sincerely,

Peter James

Non-executive Chairman
Dreamscape Networks Limited

KEY OFFER INFORMATION

Key Dates*

• Lodgement of the Prospectus with ASIC	3 November 2016
• Broker Firm Offer opens	11 November 2016
• Broker Firm Offer closes and Applications due	5:00 pm AEST, 22 November 2016
• Issue of Vendor Shares under the Acquisition	28 November 2016
• Issue of Offer Shares under this Prospectus	29 November 2016
• Expected despatch of shareholder statements	30 November 2016
• Expected commencement of trading on ASX	2 December 2016

*These dates are indicative only and may vary. The Company, in conjunction with the Lead Manager and Underwriter reserves the right to vary any of the dates without prior notice subject to the Corporations Act and ASX Listing Rules. Applicants are encouraged to apply as soon as possible after the Offer opens.

Key Offer Statistics[1]

• Offer Price[2]	$0.25 per Share
• Number of Shares offered pursuant to this Prospectus	100 million
• Total proceeds under the Offer	$25.0 million
• Vendor Shares issued under the Acquisition[4]	234.4 million
• Total number of Shares on issue at completion of the Offer[3]	344.0 million
• Total number of Options on issue at completion of the Offer[3]	30.3 million
• Total number of Performance Rights on issue at completion of the Offer[3]	3.8 million
• Market capitalisation at the Offer Price[5]	$86 million
• Pro forma net cash at completion of the Offer	$17.5 million
• Enterprise value at the Offer Price[6]	$68.5 million
• Enterprise value/pro forma forecast FY2017F Adjusted EBITDA	6.3 times

Notes

1. The key Offer statistics above contain Forecast Financial Information set out in Section 4, prepared on the basis of the best estimate assumptions set out in Sections 4.2 and 4.7 and should be read in conjunction with the discussion of the Pro Forma Historical Financial Information in Section 4, including the sensitivities set out in Section 4.7(e), and the Risk Factors set out in Sections 1.3 and 5. The table above contains non-IFRS financial measures, which are discussed in Section 4.2(d).
2. Shares may not trade at the Offer Price after Listing.
3. See Section 1.5 for full details of the Company's capital structure after completion of the Offer, and Sections 9.1 to 9.5 for the terms and conditions of the Options and Performance Rights of the Company.
4. All of the Shares issued to the Vendors will be subject to voluntary escrow arrangements for a period of 12 months from their date of issue. See Section 1.11 for further details.
5. Market Capitalisation at the Offer Price is determined by multiplying the number of Shares at completion of the Acquisition and the Offer by the Offer Price.
6. Enterprise Value is calculated by subtracting pro forma net cash at the date of this Prospectus from the Market Capitalisation.

01 INVESTMENT OVERVIEW

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INVESTMENT OVERVIEW

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1. INVESTMENT OVERVIEW

1.1 Overview of Dreamscape Networks' business

Topic	Summary	For more information
What is Dreamscape Networks?	The Company will acquire the Dreamscape Networks group of companies upon completion of the Offer and Acquisition. Dreamscape Networks is a leading provider of domain name, hosting and online services and solutions that enable businesses and consumers to find, establish and grow their online presence. This is the starting point for an online presence, enabling these subscribers to connect with their own online customers or audience. Subscribers and resellers rely upon the Group's comprehensive platform for the search, registration, development, and monetisation of domain names. Additionally, the Group has a complete suite of products and services that subscribers utilise to build their entire online presence.	Section 2
What are Dreamscape Networks' key customer and business metrics?	As at 30 June 2016, the Group had the following key statistics: .au Domain market share: 30% Share of all new .au Domain registrations: 34% Total registered .au Domains: 892,540 Total of all registered Domains: 1,592,066 Active Products: 711,386 Hosted Websites: 273,565 Total Members: 1.5 million Active Members: 509,406	Sections 2.1
How does the Group generate its revenue?	The Group is a leading provider of online products and services designed to help individuals and small to medium sized businesses (SMB's) establish, manage and grow their business. The Group's revenue is predominantly generated from the sale of multi-year subscriptions for products and services in the categories of domain name registrations, hosting and online services and solutions. These subscriptions predominantly cover a period of two years and are paid in advance.	Section 2.4
What type of products and services does Dreamscape Networks sell?	The key products and services are categorised under three pillars; Domains, Hosting and Solutions: **Domains**: .com.au; .com; Private Registration; .net.au; Backorder **Hosting**: DNS Hosting; Website Hosting; Email Hosting; SSL Certificates; Email Exchange **Solutions**: Website Builder; Newsletter; TrafficBooster; Email Protection; Packages Dreamscape has a comprehensive and integrated suite of approximately 33 products and services that includes the ability to search and purchase a personalised domain name, website design, website builder and hosting, email and e-commerce solutions as well as more advanced offerings such as search engine optimisation (SEO) and online marketing, security, cloud storage, mobile and customer productivity solutions.	Section 2.2 and 2.7-2.9
Who are the Group's key customers?	The Group has a diverse range of customers comprising small to medium sized businesses in numerous industries, web design professionals and individuals. The Group delivers easy to use solutions that help individuals and businesses build, manage and expand their online presence. The Group currently has approximately 509,000 Active Members (1.5m Total Members) globally.	Section 2.2

Topic	Summary	For more information
What is Dreamscape's mission statement?	**The vision:** "Providing simple, innovative and affordable online products and services that change lives." **The mission:** "Dreamscape is committed to remaining the world's most trusted online service provider. Our products are innovative, user-friendly and engineered across all platforms embracing intuitive design. Technology driven and backed by best in world service. Dreamscape is where business begins."	
What are the Group's key growth strategies?	The Group has prioritised 6 key areas of growth: • **Marketing** > targeted marketing within its current markets to underserved segments such as SMB's; > to the existing Active Members (approximately 509,000) for upselling and cross selling of new and existing products that enhance their online experience and business efficiency; and > to the balance of the 1.5m Total Member base (approximately 1.0 million) with the aim to both return them to an Active status and to expose them to new products, services and offers. • **Acquisitions** - acquisitions of complementary businesses and products; • **Sales Team** - further training and development of the new in-house sales team for up-selling, cross-selling and new product marketing; • **Customer Care** - maintain high levels of customer care to increase retention, renewals and word of mouth referrals; • **Product Development** - accelerate development of new and refreshed products; and • **International expansion** – focus on higher growth markets, in particular; English speaking Asian countries.	Section 3
How does the Group expect to fund its operations and growth?	The Group expects to fund its operations and growth through internally generated cash flow from existing operations and the deployment of funds from the Offer in the manner set out in this Prospectus.	Section 4.8
What is the Company's dividend policy?	The Board does not intend to pay a dividend in respect of the 2016 or 2017 Financial Year. Any future payment of dividends by the Company is at the discretion of the Board and subject to a number of factors including future business conditions, future cash flow requirements of the Group, taxation considerations, contractual, legal or regulatory restrictions and other matters that the Board may consider relevant. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking of any such dividend in the future.	Section 4.8
What is the key financial information?	See Section 1.6 below for the key financial information, and Section 4 for further financial information.	Sections 1.6 and 4

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INVESTMENT OVERVIEW

Topic	Summary	For more information
What is the size and scale of the industry you operate in?	The Group operates within the Domain and Hosting industry. There are estimated to be approximately 331 million domain names across all TLDs globally. Current active markets in which the Group operates include: **Country** — **Approximate Domain Count** Australia — 3.05 million New Zealand — 0.7 million United Kingdom — 10.67 million India — 2.06 million Hosting is traditionally the next evolutionary step from Domain Name registration. There are approximately 179 million active websites on the internet and the amount of email mailboxes is expected to exceed 2.7 billion by 2017.	Section 2.5
What are the key drivers of the industry?	**Online Presence** As internet usage grows worldwide the demand to establish an online presence increases, whether business related, a personal or blogging site or even simply a social media presence. This demand fuels growth across the suite of products provided by Dreamscape Networks. **Multi-Brand Targeting** To cater for a large variety of requirements and budgets, the company operates brands within multiple segments of the industry with varying product specifications and capabilities. **Affordability** Through supporting predominantly SMB customers the company focuses heavily on ensuring its range of products are not only powerful but also affordable. This can create demand through dispelling perceptions around an online presence being expensive, difficult and time consuming. **Reliability and Performance** The company focuses on delivering value in its products and services through reliable and low-latency infrastructure and technology. This can improve trust resulting in increased retention and word of mouth referrals. **Domains** Varied growth across markets backed predominantly by demand within the SMB sector to establish an online presence. Domains are the onramp for the majority of digital identities. **Hosting** Generally parallel growth with domain names being the second touchpoint with a customer and is integral to publishing a website on the internet. **Solutions** Showing rapid growth due to demand for intuitive yet powerful solutions and services spanning across areas of web presence, such as DIY website builders and social media presence, as well as marketing tools and services to promote an online presence.	Section 2.5
Who do we compete with?	The Domain and Hosting industries are made up of numerous competitors with significant global participants operating in each market, alongside smaller, local competitors in each country. Dreamscape Networks is the leading Domain brand in Australia for .au Domains with a 30% market share. In New Zealand the Group has a 10% market share as at June 2016. In the United Kingdom the Group has a 1% market share and in India the Group has a 2% market share. For details of our main competitors in each jurisdiction, refer to Section 2.5.3.	Section 2.5.3

1.2 Key Strengths

Key Strength	Description	For more information
Leading brand for .au	Dreamscape Networks' main brand is Crazy Domains, which after a successful marketing campaign in 2009, became the .au Domain market leader in 2010, with approximately 20% market share. Crazy Domains is now the #1 brand in Australia with approximately 30% of the .au market (as at June 2016).	Sections 2.1 and 2.7
Proven subscription model provides future revenue visibility due to upfront payment of products and services	Products and services are sold on a subscription basis for terms between 1 and 10 years with an average term of 2 years. These are all paid in full, in advance, providing substantial cash flow benefits for the Company and revenue visibility into the future.	Section 2.4
Cost effective customer acquisition and operations	Through a combination of experience, economies of scale and a multi-segment/channel approach to its market, Dreamscape Networks has the ability to acquire and maintain customers very cost effectively. In particular, lower customer acquisition costs are achieved through efficient online marketing, increased brand equity, high quality customer service, word of mouth referrals and a low cost operational environment in Cebu, Philippines.	Section 2.11.3
Significant re-marketing, cross-sell and up-sell platform	Using continued data-mining and member profiling, Dreamscape Networks has internally developed an array of systems and processes by which it can optimise the exposure of relevant products and services to each of its new and existing customers.	Sections 2.11.3 and 2.11.4
Established accreditations and partnerships	Dreamscape Networks maintains a vast array of accreditations and partnerships in addition to its own in house developed software and products. Many of these accreditations and partnerships represent a significant barrier to entry into the market and as such limit the competitive landscape providing Dreamscape Networks with an advantage in maintaining its growth within its chosen market segments.	Section 2.15.4
Focus on technical support, customer care and sales	Dreamscape Networks owns and operates a custom built technical support, customer care and sales centre in Cebu, Philippines which is focussed on providing best in world practice. This centre currently has approximately 253 staff members and has capacity for approximately 370 staff. At the conclusion of the 2016 financial year the centre was handling approximately 50,000 customer interactions per month through telephone, email and chat support. Staff are predominantly sourced from local IT focussed universities and undergo an extensive in house training program.	Section 2.13
Consistent track record of growth	The Group has a proven track record of both revenue and earnings growth.	Section 4
Significant addressable markets	There are significant addressable markets for the provision of the Group's products and services in English speaking Asian countries and existing markets.	Section 3
People and culture	Dreamscape Networks' five core values; Genuine, Relentless, Passion, Excellence and Fun, represent the principles and beliefs that have guided the company throughout the years. This is reinforced by an ongoing commitment to and investment in the future of the business through continuous staff training (including staff wellbeing) and investment in staff amenities and facilities. We employ a large number of dedicated IT professionals globally within technical support, customer care, sales, product development, and system and network engineering. The Group aims to offer a unique culture with a social emphasis to keep staff happy and motivated with a drive towards a five star working environment.	Section 2.12

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01 INVESTMENT OVERVIEW

Key Strength	Description	For more information
Experienced management team with strong track record	The Company and the Group's management has: • experience in building successful teams and multi-million dollar companies; • long term experience and networks within the Information Technology space, specifically the domain name and hosting industry; • significant sales and marketing experience; and • prudent financial management demonstrated by growing the company from inception to $55 million in forecast FY17 Bookings with zero external funding or investment.	Section 6.1
Experienced, high quality independent directors	The Company has appointed experienced, high quality independent Directors, namely; non-executive Chairman Mr Peter James, and non-executive Directors Michael Malone and Evan Cross.	Section 6.1

1.3 Key Risks

The business, assets and operations of the DN8 Group are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the DN8 Group is exposed to.

Further risks associated with an investment in the Company are outlined in Section 5.

Key Risk	Description	For more information
Failure to retain and attract customers and increase sales to new and existing customers	The underlying business depends on our ability to retain our existing customers and our growth depends on our ability to attract further business from existing customers and to attract new customers.	Section 5.2.1
We operate in a competitive industry	We face significant competition for our products in the domain name registration and web-hosting markets and other markets in which we operate, which we expect will continue to intensify and as a result it may affect our competitive position and market share, which in turn may result in an adverse effect on our growth prospects and operating results.	Section 5.2.2
Failure to provide high-quality Customer Care	Our ability to increase bookings for our products and services (Bookings) is also dependent on the quality of our customer care. A failure to provide high-quality customer care would have an adverse effect on our business, brand and operating results.	Section 5.2.5
Disruption or failure of our network and technology systems	Our operations and those of our customers, depend on the performance, reliability and availability of our network and technology systems (including technology platforms, data centres, servers, the internet, and hosting services to name a few). Any disruption to, or failure of services poses a threat to our business and retention of customers.	Section 5.2.7

Key Risk	Description	For more information
Reliance on our Domain Name Registration products	We rely on contracts and accreditations with various authorities and industry self-regulatory bodies, such as .au Domain Administration Ltd (auDA) and Internet Corporation for Assigned Names and Numbers (ICANN) to be accredited and operate as a domain name registrar. Our ability to offer domain name registration products is dependent on our ongoing relationship with and accreditation by, auDA and ICANN and other similar policy and regulatory bodies in the various jurisdictions in which we operate and may operate in the future.	Section 5.2.12
Failure to realise benefits from technology and product development costs	Developing new technology is complex, uncertain and often involves an extended period of time to achieve a final product and subsequently a return on investment (ROI) for the development. An important part of our business and growth strategy is to continue to make investments in innovation and related product opportunities. We believe that we must continue to dedicate resources to our innovation efforts to develop and improve our technology and product offerings to maintain our competitive position.	Section 5.2.6
Security breach and data privacy	If the security of confidential information, personally identifiable information or proprietary information we maintain, including that of our customers and the visitors to our websites stored in our systems, is breached or otherwise subjected to unauthorised access, our reputation may be harmed, resulting in a loss of business, and we may be exposed to liability.	Section 5.2.9
Ability to attract and retain key personnel	Our success is dependent upon the retention of key personnel, including Mark Evans (CEO and Managing Director),Gavin Gibson (COO and Executive Director) and members of the senior management and technology teams. There is a risk we may not be able to attract and retain key personnel or be able to find effective replacements for them in a timely manner.	Section 5.2.10
Country / region specific risks in new and/or unfamiliar markets	As we expand our presence in new international jurisdictions we are subject to risks associated with doing business in regions that may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks.	Section 5.2.14
Integration and transition of acquired businesses	We may in the future make acquisitions of businesses, or investments in companies, products and technologies that we believe will align with our growth strategy and complement our business. There is a risk that future expansion by acquisition may be affected by factors beyond our control (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition opportunities at the relevant time.	Section 5.2.15
Reliance on third party technology suppliers	We rely on certain contracts with third party suppliers to maintain and support our technology infrastructure and products. In particular, we rely on contracts for the provision of global online payment systems, data centres, network connectivity and network servers. If these contracts, or contracts with other key suppliers in the future are terminated or suffer a disruption for any reason, our business, brand and operating results could be material adversely impacted.	Section 5.2.8

The above list of risk factors should not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 5 of this Prospectus before deciding whether to apply for Shares pursuant to this Prospectus.

1.4 Overview of the Offer

Topic	Summary	Reference
Who is the issuer of this Prospectus?	Dreamscape Networks Limited (ACN 612 069 842), a company incorporated in Australia on 27 April 2016.	
What is the Offer?	The Company will seek to raise $25 million via the issue of 100 million Shares at an issue price of $0.25 per Share.	Section 7.1
What is the purpose of the Offer?	The purpose of the Offer is to: • fund the cash component of the Acquisition of the Group; • raise additional working capital to fund the growth strategies outlined in Section 3; • provide the DN8 Group's business with the benefits of an increased profile that arises from being a listed entity; • facilitate the listing of the Company on the ASX and thereby enable access to capital markets; and • create a liquid market for Shares and an opportunity for employees and other persons to invest in the Company.	Section 7.3
What is the proposed use of funds raised pursuant to the Offer?	The funds raised under the Offer will be used to fund: • the cash component of the Acquisition of the Group; and • future growth opportunities, including: > identifying and acquiring complementary businesses and products; > expanding the Group's business into targeted English speaking Asian countries; > accelerating product development; and > enhancing global operations and infrastructure. **Uses of Funds** — **$m** — **%** Cash component for Acquisition of the Group — 10.0 — 40.0 Funding future growth opportunities — 12.5 — 50.0 Expenses of the Offer — 2.5 — 10.0 **Total uses** — **25.0** — **100.0**	Section 7.6
Are there any conditions to the Offer?	The Offer is conditional upon: • completion of the Acquisition; • the Company raising the Full Subscription under the Offer (being $25 million); and • the Company receiving conditional approval from the ASX for the admission of the Company's Shares to the Official List of ASX, on conditions reasonably acceptable to the Company.	Section 7.4
Will the Shares be quoted?	The Company will make an application to the ASX within seven days after the date of this Prospectus for admission to the Official List and quotation of the Shares (which will be under the code "DN8").	Section 7.13
How is the Offer structured?	The Offer comprises: • the Institutional Offer which consists of an offer to Institutional Investors in Australia and a number of other eligible jurisdictions to bid for Shares; and • the Broker Firm Offer, which consists of an offer of Shares to eligible sophisticated and retail investors in Australia and New Zealand who have received a firm allocation from their Broker. The board will not accept any oversubscriptions.	Section 7.2, 7.7, 7.8 and 7.9

Topic	Summary	Reference
Who is the Lead Manager and is the Offer underwritten?	Yes the Offer is fully underwritten. Canaccord Genuity (Australia) Limited is the Lead Manager and Underwriter to the Offer pursuant to the Lead Manager Mandate and the Underwriting Agreement . Summaries of the Lead Manager Mandate and the Underwriting Agreement, including the events which would entitle Canaccord to terminate the agreements, are set out in Sections 6.6.10 and 6.6.11. As Lead Manager and Underwriter, Canaccord will be paid approximately $1.5 million, comprised of: • a three month retainer for corporate services totalling $112,500; • a management fee of 2.0% of the funds raised under the Offer; • an underwriting fee of 3.5%; and • the issue of 2.8 million Lead Manager Options. The Lead Manager and Underwriter is also entitled to reimbursement of its reasonably incurred expenses.	Sections 6.6.10, 6.6.11 and 7.12
What is the allocation policy?	The allocation of Shares between the Institutional Offer and the Broker Firm Offer has been determined by the Lead Manager. The Lead Manager, in consultation with the Company, together reserve the right, in their absolute discretion, to allocate the Shares applied for under the Institutional Offer in full or to allot any lesser number or to decline any Application. The allocation of Shares among applicants under the Broker Firm Offer will be at the sole and absolute discretion of the relevant Broker.	Section 7.8 and 7.9
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on Shares issued under the Offer.	Section 7.5
What is the minimum Application under the Offer?	Applicants must apply for a minimum of 8,000 Shares, representing a minimum investment of $2,000. Applications for Securities under the Offer can be made by completing the Application Form in accordance with the instructions. Applicants applying for additional Shares must apply for Shares in multiples of 2,000 Shares (representing a further investment of $500). There is no maximum value of Shares that may be applied for under the Offer.	Section 7 and 13
What are the tax implications of investing in the Company?	Investors wishing to apply for Shares should give careful consideration as to the tax implications of any such investment. Relevant taxation considerations include, but are not limited to, taxation of capital gains and dividends and withholding tax. Different taxation outcomes will apply to different investors and in different circumstances, depending on factors such as whether the investor is a resident or a non-resident of Australia, whether the investor is an individual, corporate shareholder or complying superannuation fund, or whether Shares are held on capital or revenue account. Accordingly, potential Shareholders are advised to seek their own professional taxation advice before investing in Dreamscape. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.	Section 7.16 and 9.10
Who can participate in the Offer?	The Offer is open to Australian and New Zealand residents as outlined in Section 7.21	Section 7.21

01 INVESTMENT OVERVIEW

Topic	Summary	Reference
How do I apply for Shares?	Broker Firm Applicants may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus, and lodging it with the Broker who invited them to participate in the Offer. The Opening Date for the Offer is 11 November 2016 and the Closing Date for the Offer is 5.00pm (AEST) on 22 November 2016, or such later date as the Directors, in their absolute discretion, may determine. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.	Section 7.8
Can the Offer be withdrawn?	Subject to the terms of the Underwriting Agreement, the Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.17
What if I have questions?	You can contact the Company's share registry, Computershare, during normal business hours. If you are unclear in relation to any matter or are uncertain as to whether an investment in the Company is a suitable investment for you, you should seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.	Corporate Directory

Notes

This information is a selective overview only. Prospective investors should read the Prospectus in full, including the experts' reports in this Prospectus before deciding to invest in Shares.

1.5 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares[1]	**Number**
Shares currently on issue	9,600,000
Shares to be issued to the Vendors	234,400,000
Shares to be issued pursuant to the Offer	100,000,000
Total Shares on completion of the Offer	**344,000,000**
Performance Rights[2]	**Number**
Performance Rights to be issued to Company Secretary	600,000
Performance Rights to be issued to Senior Employees	3,220,000
Total Performance Rights	**3,820,000**
Options[3]	**Number**
Director and Management Options – Non-exec	
Exercisable at 25c on or before 30 June 2020	6,800,000
Exercisable at 35c on or before 30 June 2021	5,100,000
Exercisable at 45c on or before 30 June 2022	5,100,000
Director and Management Options – Executive	
Exercisable at 25c on or before 30 June 2020	4,200,000
Exercisable at 35c on or before 30 June 2021	3,150,000
Exercisable at 45c on or before 30 June 2022	3,150,000
Subtotal Director and Management Options	**27,500,000**
Lead Manager Options	
Exercisable at 25c on or before 31 December 2019	2,814,900
Total Options on completion of the Offer	**30,314,900**

Notes

1 The rights attaching to the Shares are summarised in Section 9.1 of this Prospectus.

2 The rights attaching to the Performance Rights are summarised in Section 9.2 of this Prospectus.

3 The terms and conditions of the Options are set out in Sections 9.3 to 9.5 of this Prospectus. The Company Secretary also holds Options referred to in the table above.

1.6 Key Financial Information

The key financial information of the DN8 Group is set out below. Further information is set out in Section 4.

Table 1(a): IFRS | Summary of Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

JUNE YEAR END	Pro forma historical[1]			Pro forma forecast[2]	Statutory forecast
$ MILLION	FY2014	FY2015	FY2016	FY2017	FY2017[3]
Gross revenue	30.7	40.9	45.9	49.0	49.0
Refunds and adjustments	(1.8)	(2.3)	(3.0)	(2.7)	(2.7)
Revenue	**28.9**	**38.6**	**42.9**	**46.3**	**46.3**
Direct Cost	**(14.8)**	**(18.2)**	**(18.8)**	**(20.3)**	**(20.3)**
Gross Profit	**14.1**	**20.4**	**24.1**	**26.0**	**26.0**
Cost of Doing Business:					
Salaries and employee benefits	(7.4)	(8.8)	(11.2)	(12.4)	(12.4)
Advertising and marketing	(8.1)	(4.1)	(3.7)	(4.0)	(4.0)
General and administrative	(3.9)	(4.3)	(5.3)	(5.2)	(5.2)
Others	(0.8)	(0.8)	(0.4)	-	-
EBITDA	**(6.1)**	**2.4**	**3.5**	**4.4**	**4.4**
Depreciation and amortisation	(0.7)	(1.0)	(1.4)	(1.5)	(1.5)
EBIT	**(6.8)**	**1.4**	**2.1**	**2.9**	**2.9**
Tax (expense)/benefit	1.7	(0.6)	(1.0)	(0.8)	(0.8)
NPAT	**(5.1)**	**0.8**	**1.1**	**2.1**	**2.1**

Notes:

1. The Statutory Historical Results are reconciled to the Pro Forma Historical Results in Section 4.3(b).
2. The Statutory Forecast Results are reconciled to the Pro Forma Forecast Results in Section 4.3(b).
3. Statutory Forecast Results for FY2017 consists of the Directors' best estimates for the twelve-month period 1 July 2016 to 30 June 2017.

Table 1(b): Non-IFRS | Summary of Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

JUNE YEAR END	Pro forma historical[1]			Pro forma forecast[2]	Statutory forecast
$ MILLION	FY2014	FY2015	FY2016	FY2017	FY2017
Gross revenue	30.7	40.9	45.9	49.0	49.0
Deferred revenue adjustment	11.0	5.7	4.0	6.1	6.1
Bookings	**41.7**	**46.6**	**49.9**	**55.1**	**55.1**
Refunds and adjustments	(1.8)	(2.3)	(3.0)	(2.7)	(2.7)
Adjusted Revenue	**39.9**	**44.3**	**46.9**	**52.4**	**52.4**
Direct cost	(14.8)	(18.2)	(18.8)	(20.3)	(20.3)
Deferred cost adjustment	(3.7)	(2.1)	(0.7)	(0.5)	(0.5)
Adjusted Direct Cost	**(18.5)**	**(20.3)**	**(19.5)**	**(20.8)**	**(20.8)**
Adjusted Gross Profit	**21.4**	**24.0**	**27.4**	**31.6**	**31.6**
Cost of Doing Business:					
Salaries and employee benefits	(6.3)	(7.7)	(10.1)	(11.4)	(11.4)
Advertising and marketing	(8.1)	(4.1)	(3.7)	(4.0)	(4.0)
General and administrative	(3.9)	(4.3)	(5.3)	(5.2)	(5.2)
Others	(0.8)	(0.8)	(0.4)	-	-
Adjusted EBITDA	**2.3**	**7.1**	**7.9**	**11.0**	**11.0**

Notes:

1. The Statutory Historical Results are reconciled to the Pro Forma Historical Results in Section 4.3(b).
2. The Statutory Forecast Results are reconciled to the Pro Forma Forecast Results in Section 4.3(b).

1.7 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer are set out in the respective tables below.

As at the date of the Prospectus

Shareholder	Shares	% (undiluted)	% (fully diluted)
Manhattan Investments Pty Ltd	2,800,000	29.2	29.2
Mad Scientist Pty Ltd	2,800,000	29.2	29.2
Gavin David Gibson & Lauren Alissa Gibson atf Gibson Family Trust	4,000,000	41.6	41.6

Notes:

1 This entity is controlled by Evan Cross, a non-executive Director.

2 This entity is associated with Gavin Gibson, the Chief Operating Officer and executive Director.

On completion of the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

Shareholder	Shares	% (undiluted)	% (fully diluted)
Cloudsafe Holdings Limited	93,760,000	27.2	26.1
BlueGeko Holdings Limited	140,640,000	40.9	37.2

Notes

1 This entity is controlled by Mark Evans, the Chief Executive Officer and Managing Director.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

1.8 Directors and Executive Management

The Directors and executive management of the Company are:

- Peter James (Non-Executive Chairman)
- Mark Evans (CEO and Managing Director)
- Gavin Gibson (COO and Executive Director)
- Evan Cross (Non-Executive Director)
- Michael Malone (Non-Executive Director)
- Tony Sparks (Group Finance Executive and Company Secretary)

1.9 Corporate Governance

To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 6.4 of this Prospectus and the Company's compliance and departures from the Recommendations are set out in Section 6.5 of this Prospectus.

In addition, the Company's full Corporate Governance Plan is available from the Company's website (www.dreamscapenetworks.com.au).

1.10 Disclosure of Interests

The Company has paid no remuneration to its Board since incorporation to the date of this Prospectus and no remuneration will be paid until such time as the Company is admitted to the Official List.

For each of the Directors, the proposed annual remuneration for the financial year following the Company being admitted to the Official List together with the relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus and as at Completion of the Aquisition and the Offer is set out in the table below.

Director	Base Remuneration	Shares	Shares at Completion of the Acquisition and Offer	Options[1]
Peter James (Non-Executive Chairman)[2]	$120,000[7]	Nil	400,000	9,500,000
Mark Evans (CEO and Executive Director)[3]	US$420,000[8]	Nil	93,820,000	5,000,000
Gavin Gibson (COO and Executive Director)[4]	$280,000[7]	4,000,000	4,120,000	3,000,000
Evan Cross (Non-Executive Director)[5]	$80,000[7]	2,800,000	2,800,000	2,500,000
Michael Malone (Non-Executive Director)[6]	$80,000[7]	Nil	2,000,000	5,000,000

Notes

1 Refer to Section 9.3 for further details.

2 Peter James intends to participate in the Offer and be issued 400,000 Shares. Mr James' Shares will be held by Christie James Funds Management, an entity in which Mr James has a beneficial interest. Mr James' Options will be held in his own name.

3 Mark Evans' Shares and Options are held by Cloudsafe Holdings Limited, an entity in which Mr Evans has a beneficial interest. Cloudsafe will be issued 93,760,000 Vendor Shares pursuant to the Share Sale Agreement. Additionally, Mr Evans intends to participate in the Offer to the extent of a further 60,000 Shares, to be held by Mr Evans as trustee for a related party beneficiary. In addition to the table above, a related party of Mr Evans intends to participate in the Offer to the extent of 200,000 Shares.

4 Gavin Gibson's Shares and Options are held by Gavin David Gibson & Lauren Alissa Gibson atf Gibson Family Trust, an entity in which Mr Gibson has a beneficial interest. Mr Gibson intends to participate in the Offer and be issued a further 120,000 Shares, also to be held by his family trust.

5 Evan Cross' Shares are held by Manhattan Investments Pty Limited, an entity in which Mr Cross has a beneficial interest. Mr Cross' Options will be held by Fullerton Private Capital Pty Ltd, an entity in which Mr Cross has a beneficial interest. In addition to the table above, related parties of Mr Cross intend to participate in the Offer to the extent of 160,000 Shares.

6 Michael Malone intends to participate in the Offer and be issued 2,000,000 Shares. Mr Malone's Shares and Options will be held by Kingfire Pty Ltd as trustee for the Summer Wine Trust, an entity in which Mr Malone has a beneficial interest.

7 Not inclusive of superannuation. Details of additional entitlements are set out in Sections 6.6.4 to 6.6.7.

8 Details of Mr Evan's additional entitlements are set out in Section 6.6.3.

1.11 Agreements with Directors or Related Parties

The Company's policy in respect of related party arrangements is:

a. a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and

b. for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

1.11.1 Share Sale Agreement for the Acquisition of the Group

The Company has entered into a Share Sale and Purchase Agreement with the Vendors in respect of the Company's Acquisition of the Group. One of the Vendors is an entity associated with CEO and Managing Director Mark Evans. Details of the Share Sale Agreement are set out in Section 6.6.1. The Company has also entered into Voluntary Restriction Agreements with the Vendors as set out in Section 6.6.2.

1.11.2 Directors and Executive Management Agreements

The key terms of the DN8 Group's agreements with Directors and Executive Management are set out in Sections 6.6.1 to 6.6.7.

For further details of the material contracts to which the Company is party to, please refer to Section 6.6.


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COMPANY AND INDUSTRY OVERVIEW

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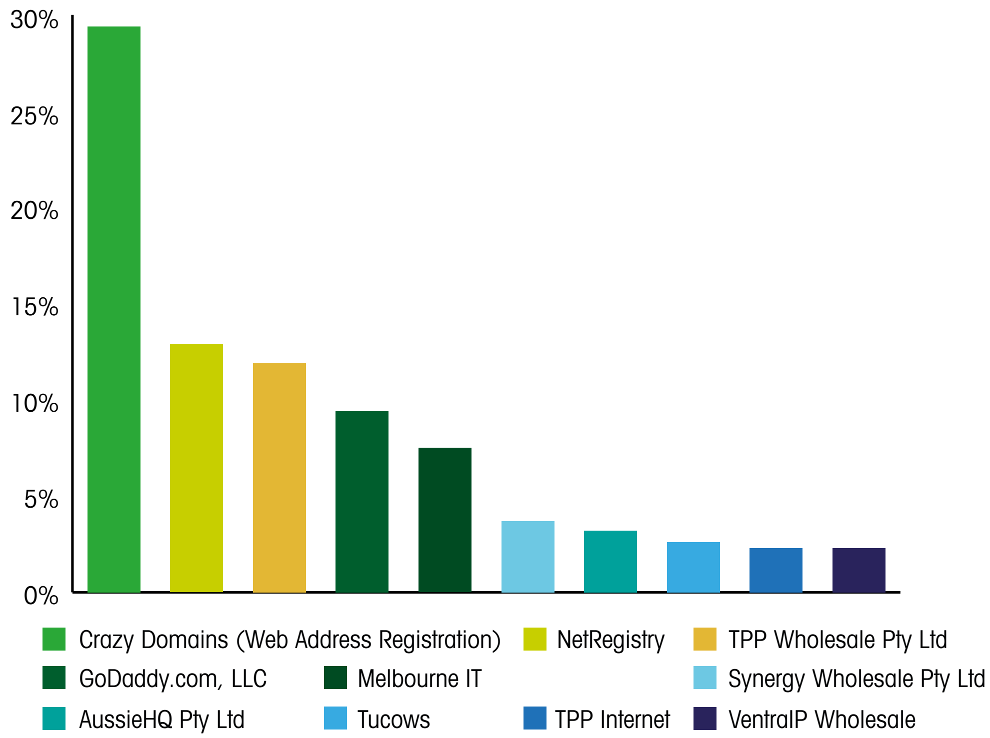
2. COMPANY AND INDUSTRY OVERVIEW

2.1 Dreamscape's Business

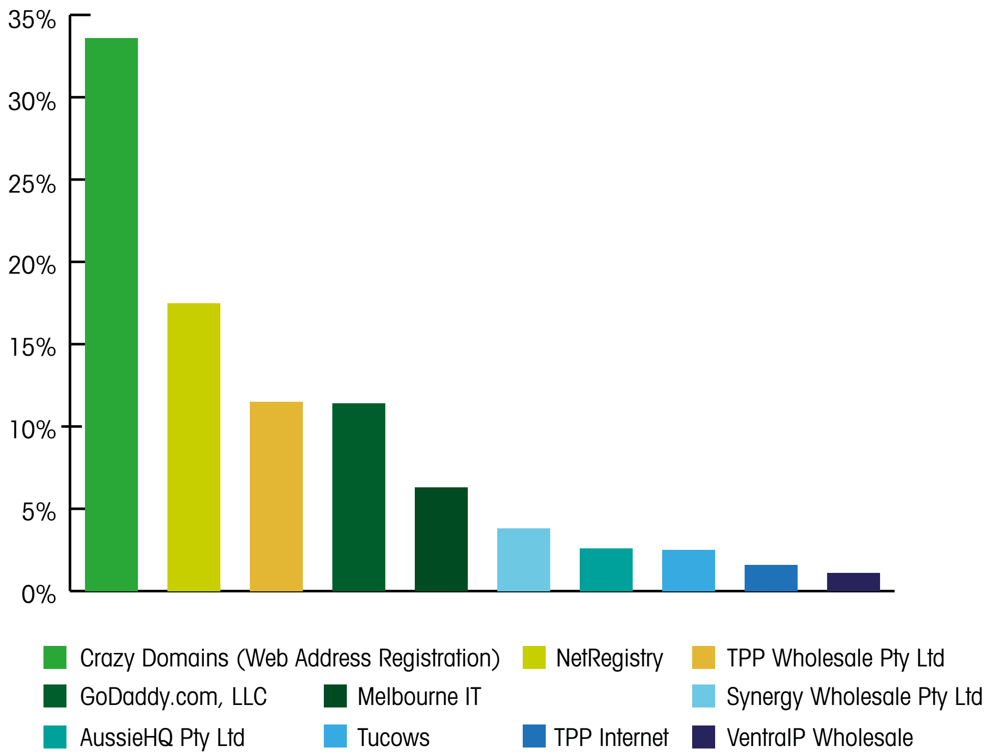
Founded in 2000, Dreamscape Networks has grown organically and without external funding to be the leading .au domain brand in Australia with a 30% market share for .au domains (as at June 2016) with 34% market share of all new .au domain registrations, as set out below.

.au Domain Market Share by Brand FY2016



* Melbourne IT Group operates a number of registrar accreditations, with approximately 42% market share in aggregate.

Market Share of New .au Domain (average for FY2016)



Dreamscape Networks is a leading provider of online and cloud-based solutions designed to help small-and medium-sized businesses, or SMBs, establish, manage and grow their businesses. We serve approximately 509,000 Active Members globally with a comprehensive suite of products and services that includes finding and securing a domain name or web address, initial website design, build and hosting, email and e-commerce solutions through to more advanced offerings such as web and email security, data storage, online marketing, SEO and personal and business productivity solutions.

The Group has a total cleansed member data base of approximately 1.5 million Total Members who have at some time been customers of Dreamscape Networks and to whom the Group actively market their products and services. The Group has managed consistent growth in the Total Member base.

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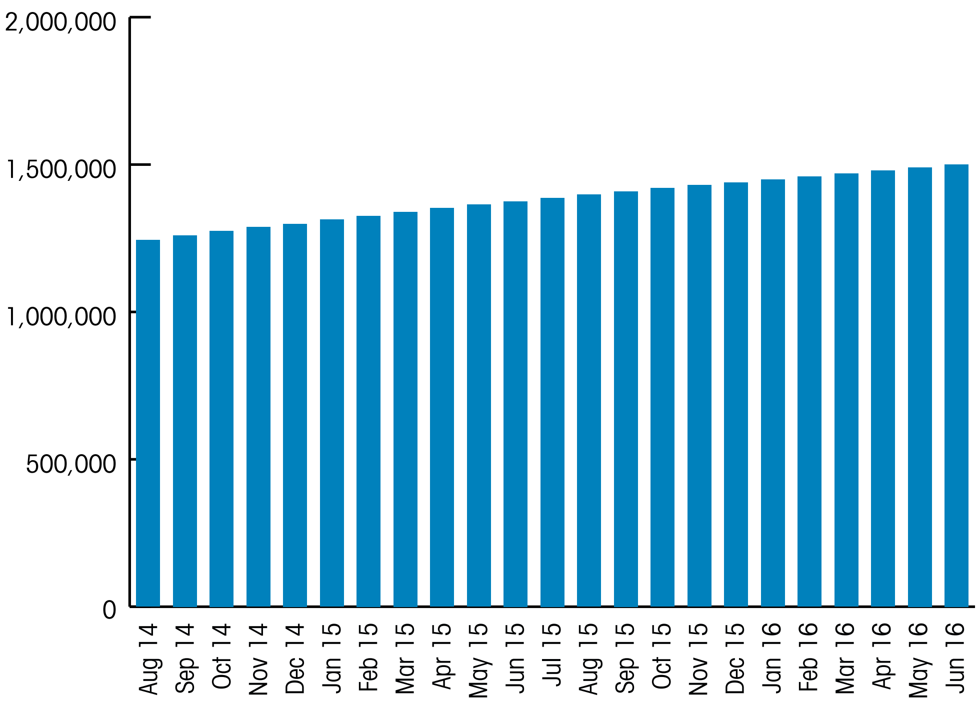
Total Members



As at 30 June 2016, the Company had the following metrics around customers and products.

#1 Brand
30% of .au market

.AU 892,540
Registered .au domains

34%
New .au Domain Registration

1,592,066
Registered Domains

769,219
Active Products

272,221
Hosted Websites

1.5m
Total Members

509,406
Active Members

2.2 Dreamscape Networks' Products and Services

Dreamscape Networks currently offers 33 products and services across its three core segments or ("pillars") being Domains, Hosting and Solutions. Additionally the Group offers bundled packages targeted at different levels of customers depending on the desired use whether it be personal or business. The various products and services are listed in the table below and are further described in Sections 2.7 – 2.10.

Domains	Hosting	Solutions
Domain Names	Website Hosting	Website Builder
Domain Backorder	Email Hosting	Traffic Booster
Domain Transfers (2)	DNS Hosting	Email Marketing
Domain Certification	Servers	Search Ads
Private Registration	Email Exchange	Web Design (2)
Domain Services (4)	Hosting Services	Logo Design
Directory Listing	SSL Certificates	Email Protection
		Site Protection
		Web Analytics
		Fax to Email
		Advanced Support
Packages		
Online Startup		
Business Builder		
Ultimate Empire		

2.3 Dreamscape Networks' History

The key events in Dreamscape Networks' history are summarised below.

2000	Aust Domains business founded as a domain name provider in 2000 in Perth, Western Australia.
2002	Aust Domains business introduces first hosting and solutions products.
2005	CheapDomains.com.au brand is introduced as a mid-segment brand for domains, hosting and solutions.
2007	Crazy Domains brand established as a low cost domain name provider. The low cost model was pursued to achieve rapid growth and increase market share in the domain space. Supporting products in hosting and solutions also offered.
2009	Crazy Domains launches Australian campaign featuring Pamela Anderson, achieving over 1 million hits on YouTube in less than a week.
2010	Crazy Domains became the market leading .au domain provider in Australia, with 20% of .au market share.
2012	Relocated head office from Perth to Dubai, United Arab Emirates for expansion into the UK and Indian markets and established a small customer support team. Established an additional office in Kiev, Ukraine concentrating on design, development and system administration in support of the international expansion.
2013	Consolidated customer service locations to a single, technical support and customer care centre in Cebu, Philippines with a focus on best in world service. Realigned strategy to focus on customer care and retention, achieving significant growth in customer satisfaction from 52% in September 2013 to 91% in June 2016.
2015	Repositioned core brand, Crazy Domains, from low cost provider to an affordable online services provider with premium service for SMB's. Established a sales team in Cebu, focussing on providing a dedicated sales resource to pursue new customers in addition to opportunities to increase retention, cross selling and upselling of new and existing customers.
2016	Prepared the Group for expansion into English speaking Asian countries and readied it for IPO.

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2.4 Dreamscape Networks' business model

Dreamscape Networks provides the products and services its customers require to establish an online presence. That is, providing access to a domain name (e.g. crazydomains.com.au) and web hosting, which is the physical storage location of a website. It also provides an array of associated services, from the design of the website itself to SEO and marketing services.

Typical customer evolution shows a significant process of continued and escalated engagement with our products and services that has led to consistent growth in our key performance metrics.

Through our three brands and the product / service pillars offered across each, Dreamscape Networks has developed a well-rounded offering to help its customers build, maintain and grow their online presence no matter their size, type or goals and objectives. Dreamscape Networks provides the first step to a customer's digital identity and delivers the products and services to facilitate efficient online growth and digital maintenance for our customers.

The Group's revenue is predominantly generated from the sale of multi-year subscriptions for products and services in the categories of domain name registrations, hosting and online services and solutions. These subscriptions predominantly cover a period of two years and are paid in advance.

2.5 Industry Overview

2.5.1 Industry Introduction

Dreamscape Networks operates within multiple industry segments through its product offerings. Customers of the company engage both with single segments as well as across segment varying on their product mix and requirements. The company views its operation in three different pillars Domains, Hosting and Solutions, spanning multiple industries.

The company's primary industry is Domain Names which in itself is a multi-segment/market industry spanning the globe. There are estimated to be just over 331 million domain names across all Top Level Domains (TLDs).

Hosting is traditionally the next evolutionary step from domain name registration in establishing an online presence. Most notably are two elements to Hosting in Website Hosting and Email Hosting.

Solutions is the most varied pillar in that it ranges from segments of website content, services, security and support to online marketing, including branding and design. These industries vary in size and value but overall represent a significant part of establishing and maintaining an online presence for users ranging for individual to corporate.

2.5.2 Market Overview

As at June 30 2016, there are estimated to be just over 331 million domains across all Top Level Domains (TLDs) globally, an increase of 13% from June 30 2015. New gTLDs drove the majority of this growth moving for 5.9 million domains to 21.3 million, showing an increase of 261% year to year.

There are nearly 171 million active websites on the internet and the amount of email mailboxes is expected to exceed 2.7 billion by 2017.

The online presence market is driven by a large number of factors but most notably relies on population, internet usage and the business sector with SMB making the majority of volume within the business area.

A 2016 survey in the UK revealed that 85% of people seeking a tradesperson go online to research local businesses before deciding who to hire. It also showed that those tradespeople with a web presence picked up an average of 21 extra jobs per year at a value of over $27,000 AUD (£16,590).

Australia

The .au ccTLD space has grown 2.12% FY2015 to FY2016 from 2.97 million domains to 3 million. Through FY2016 the industry saw on average 47 thousand new .au registrations per month.

Within Australia, 63% of Small to Medium Businesses (0-4 staff) do not currently have a web presence. There is an evidenced desire within the business segment to increase their online presence. A survey conducted by the governing body of .au, auDA, indicating 39% of respondents indicating as such.

The same survey indicated significant opportunities within the email hosting space whereby 78% of respondents indicated the use of a free email provider with 49% noting it was their only email address. 27% used an ISP-provided email with 11% using that address exclusively. Only 8% used their own domain-based email. This highlights an opportunity to convert users into a professional email address tied to a registered domain name.

Perhaps the biggest opportunity for growth within the Australian market is with the proposed release of .au registrations at the second level. This would allow customers to register yourdomain.au rather than yourdomain.com.au. In February 2015 the auDA Board agreed that the introduction of these registrations would:

- make available domain names which are shorter, more appealing and more memorable
- give Australians more choice in deciding what domain name to register
- respond to market demand
- be more attractive to natural individuals than the current option, id.au
- strengthen the ".au brand" in a globally competitive market
- add value to all three main categories of users – Registrars and resellers, registrants and ultimate users of the .au domain name system

New Zealand

.nz had 662k domain names as at June 30 2016 up 2.4% from 645k June 30 2015.

Singapore

The .SG ccTLD space has increased from 175k domain names in FY15 to 179k in FY2016. The region currently has 4.7m Internet Users which is predicted to grow 3% CAGR through to 2020. With 179,000 domain names and 472,000 businesses, only 39% would have a .SG web presence.

Hong Kong

The Hong Kong domain space has shown rapid growth within the last year, increasing 56% from 281,077 at the end of FY15 to 439,355 as of June 30 2016. A population of 7.3 million and 1.2 million registered businesses.

Malaysia

Malaysia's .my domain has displayed growth of 5.1%, reaching 319,200 domain names at the conclusion of FY2016

Indonesia

Indonesia is reported to be the fastest growing nation in the world when it comes to internet usage with a predicted ~215m users expected to come online by 2020 representing ~19% CAGR from 2015. At the conclusion of FY15 the Indonesian domain space currently had just short of 190k registered domain names growing 34% from 142k.

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India

India, with its estimated population of 1,210,193,422, ranks as the second most populous country in Asia. India's GDP is approx. $1.4 Trillion and easily in the list of top 10 richest countries in terms of GDP

There are approx. 100 million people online in India, that's less than 10% of the population. With a growth rate of people coming online around ~1000%, this number can only increase.

.IN domains are very popular in India and around its geographical area and showed a growth of 7.3% from FY15 to FY16 reaching a total of 2.1 million domain names.

Europe

The European ccTLD market is estimated at 68.4 million domains growing 2% from 67.3 million. It is reported that 50.2% of domain owners within Europe have registered the ccTLD related to their location, 38% have legacy gTLDs, 9.2% foreign ccTLDs and 2.6% New gTLDs showing a strong affinity for in country representation.

United Kingdom

The UK market has seen a slowdown in growth since the release of .UK domains at the second level, meaning you can now register yourdomain.uk instead of yourdomain.co.uk. Growth from FY15 to FY2016 was 1% to reach a total of 10.67 million domains as of June 30 2016.

2.5.3 Key Industry Participants and Competitors

The Domain and Hosting industries are made up of numerous competitors with significant global participants operating in each market, alongside smaller, local competitors in each country.

Dreamscape Networks is the leading Domain brand in Australia for .au Domains with a 30% market share as at June 2016. In New Zealand the Group has a 10% market share. In the United Kingdom the Group has a 1% market share and in India the Group has a 2% market share.

In terms of new Domain registrations, the Group led the .au Domain industry in FY2016 with 34% market share. In New Zealand the Group had .nz new registration market share of 15%. The Group has a 1% new registration market share in the United Kingdom and a 3% market share in India.

Entity	URL	Primary Markets
Melbourne IT	www.melbourneit.com.au	Australia
GoDaddy	www.godaddy.com	Global
1and1	www.1and1.com	US, UK, Europe
Web.com	www.web.com	US
VentraIP	www.ventraip.com.au	Australia
NetRegistry	www.netregistry.com.au	Australia
123Reg	www.123reg.co.uk	UK
HostGator	www.hostgator.com	US

2.5.4 Regulatory Environment

A summary of the key industry regulations is set out below:

GOVERNING BODY

ICANN

Operates the coordination role of the Internet's naming system responsible for keeping the Internet secure, stable and interoperable. Maintains policies and procedures applying to domain names and works with other entities to provide and, in the case of country code domains, govern the domain space.

WHOLESALE LEVEL

Registry

The Registry is essentially the wholesaler which is responsible for the management of the domain registry and interacting with the Reseller Level to accredited Registrars. It applies policies and procedures set either in its own right or by the linked governing body.

Regulatory Body

A separate regulatory body exists for some domain name spaces. They are typically government endorsed and responsible for the creating, maintenance and enforcement of policies and procedures applying to the Registry, the Registrar and the end users (Customers) of a domain name.

RESELLER LEVEL

Dreamscape Networks (Registrar)

Registrars in effect resell domain names from the Registry to the Customer at a retail level.

A registrar must be accredited from each respective domain space in order to resell a particular domain name. Certain Top Level Domains (TLDs) have specific requirements to be eligible for accreditation. This can include technical requirements; in country presence; minimum industry experience; set costs or financial commitments; provision of business plans as well as general compliance with all policies and procedures.

RETAIL LEVEL

Customer

The customer or end user typically operates the domain name using it to connect to their website, email and associated services.

Reseller

The registrar can operate a reseller program to allow further reselling of domain names by entities not eligible or willing to undergo accreditation.

Like the Registrar, they are responsible for enforcing policies and procedures.

Affiliate

The registrar can operate an Affiliate program to further promote its products and in the case of Dreamscape Networks manages any further interactions with new customer acquisitions.

2.6 Dreamscape Networks Brands Multi-Segment Strategy

Dreamscape Networks operates three brands targeting various market segments. This allows the company to accomplish coverage within its chosen markets across the varying customer demographics and needs. Our multi-brand approach allows us to target SMBs based on their specific needs and offer the products, services and support they require.

Using our technology and data, we have identified different types of SMBs that are attracted to our brands, and we tailor our marketing, delivery and support strategies accordingly. For example:

- we will target SMBs with greater technical expertise and a desire to build their own solutions by participating in technical user groups, such as open source forums, and placing targeted content on technical websites or blogs;
- we will target SMBs with less technology experience through referrals, search engine channels and strategic partnerships; and
- we will target SMBs who value significant amounts of support through our reputation for outstanding technical support and customer care.

Crazy domains .com

Crazy Domains is the Group's primary brand. It is Australia's leading domain name brand and holds approximately 30% of the .au domain market share as at June 2016. Crazy Domains is the core revenue driver of for the Group. The brand sits firmly within the SMB space, targeting this section of the Group's customer demographics.

CHEAP Domains Hosting and more...

Cheap Domains targets price conscious customers. The brand is positioned below Crazy Domains as a low cost, high volume domain and hosting provider.

AustDomains

Aust Domains is positioned to provide greater specifications and capabilities, and a more suited online solutions provider for the corporate and enterprise market.

2.7 Domains

Domain Names are a gateway product for obtaining a web presence. Domains are typically registered in the inception stages of a business, idea or project.

Dreamscape Networks, through its supporting entities is an accredited Registrar for 459 Top Level Domains (TLDs).

At its core, the Domain industry is a wholesaler to reseller to customer model however, there are a variety of regulatory requirements which must be met before successful accreditation can be achieved. Refer to the diagram in Section 2.5.4.

2.7.1 Domain Pillar

The Domain pillar makes up a large portion of the Group's product orders and Bookings, contributing 80% of orders and 49% of Bookings in FY2016. Domain add-ons make up 16% of orders and 6% of Bookings.

2.7.2 Domain Products

Domain Transfers

Domain Transfers is a service tied into regular domain registration and management and enables the ability to transfer a domain name from one registrar to another. In a similar way to transferring a phone number to another provider this is predominantly an industry standard.

Domain Services

Dreamscape Networks offers a number of services associated with the operation and life cycles of a domain name. Some of these services incur costs from the registry and as such are captured as products in order to provide them to customers. For example Domain Redemption – Allowing the ability for a customer to renew a domain name after its expiry period.

Private Registration

Private Registration is likely the most important and valuable add-on to any domain name. When a domain is registered, key information related to the domain name must be communicated with the respective registry. This can include the customer's name, address and other contact details. A domain can be queried through a publicly available "WHOIS" search which requests and presents this information to the user. This can allow a range of activities from spam to identity theft. To prevent this, it is highly recommended to include Private Registration (Private Tech for .au) which provides the registry with generic information that Dreamscape Networks controls. This is an automated service and as such has next to no cost for delivery.

Domain Listing

Domain Listing is a simple automated feature which lists a registered domain name on the Group's network of directory sites which can aid in increasing traffic to the respective domain name. This is an automated system with next to no service costs.

Domain Certification

Domain Certification is designed to offer the customer credibility through displaying to their clients that their domain has been certified using the provided contact details. Again, this is an automated system with next to no service cost.

2.8 Hosting

Hosting is the next step in the traditional buying process of a Dreamscape Networks customer. The two major products offered are web hosting and email hosting. Dreamscape currently hosts approximately 273,000 websites and 530,000 email mailboxes.

Hosting in general terms is what gives a domain name a sense of content. It is the physical storage location of a website and email – a data centre which the domain can link to (Hosting).

2.8.1 Hosting Pillar

Like Domains, Hosting is an integral part of our operations. As at FY2016, Hosting contributed 17% of order numbers but a substantial 39% of gross Bookings.

2.8.2 Hosting Products

Web Hosting

The primary Bookings contributor to the Hosting pillar is Web Hosting. Dreamscape Networks operates on a shared hosting platform in which multiple websites are hosting on a single server. By balancing customer numbers along with the resources of each server, Dreamscape Networks aims to achieve maximum ROI on servers without sacrificing speed, reliability and security to the website and its end users.

Web Hosting plans are available to both Linux and Windows platforms and utilise the cPanel and Plesk platforms respectively. Each Web Hosting plan includes an allocation of email mailboxes, basic analytics and SEO as well as access to popular applications such as Wordpress, Joomla, Zencart and much more.

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COMPANY AND INDUSTRY OVERVIEW

Email Hosting

Email Hosting uses an in-house built multi-node platform using the latest technologies and configurations, coupled with an intuitive and responsive webmail platform allowing usability of all features, no matter what device is used.

Email Exchange

Email Exchange is a business class email platform and utilises Microsoft's Exchange 2013 in a cloud based configuration. Along with the ability for full integration with the majority of email applications, such as Microsoft Outlook, Email Exchange also works with Apple iOS, Android, Blackberry, Windows Mobile and other popular devices and operating systems.

Email Exchange allows consistent synchronisation across all connected devices allowing the user to manage emails, tasks, contact and calendars and move between devices to see the same content. Users are able to send an email from their PC and instantly see it within their sent items from any other connected device, such as their smartphone.

DNS Hosting

DNS refers to a Domain Name System which is the naming system for computers or resources connected to a network or more importantly, the internet. DNS is a fundamental part of how a Domain operates and in essence, dictates the relationship between the domain name and the content (e.g. website) and associated services (e.g. email).

Every domain name registered with Dreamscape Networks comes with a standard but limited version of DNS Hosting which allows the customer to direct their domain using a limited set of DNS records. Essentially, DNS records are mapping files or protocols which tell the DNS server which IP address each domain is associated with, and how to handle requests sent to each domain. DNS Hosting expands on the basic DNS Hosting features by allowing the user to set the full range of DNS record types, but also includes a variety of key features targeted at efficiency, usability and reliability which create significant value within an affordable product.

Servers

Although Web Hosting covers the vast majority of a customer's needs there is also a segment of the market requiring bigger and better performance and customisation through a dedicated/virtual server. Like Web Hosting, Servers come in two variations in Linux or Windows based platforms and as such, cater for varying requirements dependent on the needs of the customer. Servers have a higher allocation of resources versus the shared hosting platform and the plans are configured to allow dedicated storage, RAM and CPU along with dedicated IP addresses. This gives the customer complete control over the servers' purpose and usage. Servers allow customers to run their own hosting platform but more importantly operate applications, databases and complete systems which might not be supported through standard Web Hosting. To cater for varying levels of experience, requirements and budget, we offer Servers in three variations of support through "Self-Managed", "Managed" and "Fully Managed" set up, configuration and maintenance.

SSL Certificates

Secure Socket Layer (SSL) Certificates have become a very important part of maintaining a web presence, particularly through the increase of eCommerce.

SSLs are offered as both an independent product and as an add-on to Web Hosting and Servers. A SSL Certificate allows for encrypted and thus secure communications over a computer network. In the web hosting application it relates primarily to communications between a website and a user, for example in transmitting credit card details.

SSL Certificates are no longer solely targeted at websites or servers conducting online transactions. They are now a common pre-requisite of users where there is any communication of private or secure data. More importantly, there are now added benefits to operating a website with an SSL through an increased ranking within Google and optimised load times.

Hosting Services

Like Domains, Hosting can require an array of services to support the product. Dreamscape Networks offers these through managing backup and restore services related to the customer's website, email and server accounts.

2.9 Solutions

The Solutions pillar of Dreamscape Networks encapsulates the evolution of the Group over recent years but more importantly speaks to the future and the opportunities to grow in this higher margin space. These products are developed to help customers operate and grow their business in a competitive online environment and can operate both in conjunction with Domains and Hosting or independently within their own market segment.

2.9.1 Solutions Pillar

Solutions has a handful of key products which make up a significant proportion of contributions at both the Bookings and orders level. Solutions is an integral part of our growth strategy, as these products generate higher margins. Solutions form 3% of orders and 12% of Bookings as at FY2016.

2.9.2 Solutions Products

Website Builder

Website Builder is developed to help the customer build, maintain and grow their own website starting from a template and using an intuitive and easy to use platform to customise and fine tune the website to their preference. The evolution of website builder software over the past three years has been a key driver in tapping into new sections of the market via an affordable offering that easily allows a client to establish their web presence.

The Website Builder platform works off a fully responsive base which means that all websites are constructed to be aesthetic and functional no matter what device the site is viewed on. There are several key features and add-ons within this platform which include stock imagery, integration with social networks, email forms, basic analytics and most importantly, the ability to operate an eCommerce site, allowing customers to sell their products and services online.

Website Builder plans cater for varying needs based on the quantity of pages and amount of web space required. All plans have Web and Email Hosting included and the eShop Builder can be purchased as an add-on or a stand-alone product, allowing customers with existing websites to include a fully supportive eCommerce option.

Traffic Booster

Traffic Booster is the most popular and longest standing product within this pillar. It is a 'Software as a Service' (SaaS) based product designed to help customers get their website listed and optimised for SEO. Traffic Booster was built in-house and launched mid 2008 under the name SearchBooster ahead of being renamed in 2015. It is designed to be an easy to use method by which a website can be promoted across all major search engines, directories and listings. It also includes key features to help optimise the website itself through keyword and meta tag generation, monitoring link popularity and ranking as well as monitoring competitor activity within the space.

This product is currently being upgraded and refreshed to reflect the key components that customers are attracted to, such as analytics reports and connections to additional relative products and services that can improve the performance of the customer's website traffic. Accordingly, it represents a significant opportunity for growth and potential improvements in Bookings.

Email Marketing

Email marketing was launched mid 2010 after 18 months of in-house development. It was launched as Newsletter and subsequently renamed to Email Marketing in 2015. It provides an affordable and easy to use platform by which customers can maintain a mailing list to create, send and monitor Email Direct Marketing (EDM) campaigns. Various plans are offered based on the quantity of contacts the customer is catering to. The platform provides a point and click email builder which can work off hundreds of templates or from a blank canvas. Once constructed, the customer can select the recipients the email is to be sent to. Once sent, the platform provides reporting on each campaign highlighting open, bounce and unsubscribe rates and includes integration into Google Analytics.

Search Ads

Search Ads is the most recent product within this pillar and like Traffic Booster is another flow on product from the path of domain name, to web hosting, to marketing the resulting website. Search Ads gives customers the ability to market their website online with Google through its paid search results and is serviced manually via an in-house team of Google certified Search Ads specialists.

The customer sets a budget and completes a short brief which is relayed to Dreamscape Networks' Google Accredited Search Ads Specialists. The assigned Specialist will conduct research and communicate with the client over key aspects and goals which the customer is looking to achieve. They will then commit the budget along with targeted key words and ad text to begin the campaign. Ongoing reporting and correspondence is provided as each campaign is closely managed, monitored and optimised to deliver the very best results possible within the set budget and market; whether it's more sales, more leads or simply more traffic. There are two sources of revenue within this product via the setup fee and the ongoing budget commitment which attracts a commission based revenue stream.

Web Design

Unlike the Do It Yourself (DIY) models of Web Hosting and Website Builder, Web Design caters for the Do It For Me (DIFM) customers utilising our creative in-house design team. In a similar vein to Website Builder, Web Design plans cater towards individual customer requirements by specifying the quantity of pages and also varying the amount of design revisions and included images quota. All plans also include the hosting fees which consist of standard Web Hosting and Email Hosting features. This is an ongoing charge which is akin to regular Web Hosting in that renewal is required to keep the website online.

The process essentially requires the customer to fill a template brief giving our design team an insight into what the customer is looking for and who they are competing with in establishing their online presence. Typically, the customer will receive a draft design within seven days of order and our team continues to work closely with them to fine tune the design before building the website onto our custom built platform. When the site goes live, this platform allows the customer to log in and add/adjust content at any time, so long as the web hosting portion remains active.

Logo Design

Logo Design is one of few products incurring a once-off fee versus ongoing subscription simply due to the nature of what is delivered. Similar to Web Design, Logo Design offers a service where a client can have a completely custom designed logo constructed for their brand, organisation, business or personal project. Logo Design offerings are built to cater for varying budgets as each product has an allocation of concepts, revisions and assigned designers. The more of each of these generally yields a greater array of design options, concepts and creativity but regardless of which plan is chosen the process is fairly similar. A customer completed brief is forwarded to the in-house design team who can typically return a complete custom logo in as little as 48 hours.

Web Analytics

Web Analytics is a fully integrated console tracking a visitor's every move and click. The product requires a small snippet of code to be included within the customer's website but once that is in place the customer is able to track live metrics such as visitors, clicks, conversions, time on site, actions, bounce rate, traffic sources and more. This feeds back essential data into what visitors of a website are doing whilst on site allowing the customer to optimise low performing areas and see a ROI of their marketing activities.

Site Protection

With the evolution of Web Hosting towards template, software driven websites using content management systems such as Wordpress, Joomla and Drupal, there has been a significant increase in security vulnerabilities within third party software.

Site Protection constantly monitors a website focusing on identifying both vulnerabilities and instances of security breaches. These can come in the form of someone accessing private information within the website or its systems, the website being blacklisted by Google, the website being updated to contain malicious links or downloads, or simple defacing of the website itself.

In the event that something of note is found, the customer is alerted automatically and advised of steps that should be taken to resolve. In some cases, manual intervention is required and Dreamscape Networks will work with the customer to rectify the issue and restore the website to an operational and secure state.

Email Protection

Email Protection is one of the most valuable of the Hosting add-ons. Email Protection protects the user's email mailbox from spam and viruses. Spam accounts for approximately 14.5 billion messages globally per day and it is estimated that the cost of spam is approximately $50 per mailbox per year. Email Protection uses powerful automated detection, filtering and quarantining to block the delivery of spam and viruses to the end user's mailbox. Email Protection is offered as a per domain product, meaning it covers all email addresses within the specified domain name. This allows for an easy and affordable solution to a problem that affects almost all email addresses.

Fax to Email

Fax to Email is a product which allows the use of a seemingly traditional fax number that enables the user to receive faxes and have them forwarded automatically to nominated email addresses. The user can also send faxes from their email address to any specified fax number. This is an automated product utilising number pools from certain markets and their respective providers. Plans are priced according to a quota of faxed pages received and sent and the user can either purchase additional quota of each or upgrade to a plan with higher capabilities.

2.10 Packages

Dreamscape Networks also caters for customers by bundling products and services according to their requirements. The packages provide for different circumstances with variable pricing and package components as well as seamless upgrade paths allowing them to grow their product utilisation as they themselves grow. Packages strategically follow the typical engagement path of other products and services and runs over our three core pillars:

- Online Startup – Focused toward getting the customers online through the core products of domain, email and web hosting. This allows for a cost effective and simple solution where all the pieces are already put together, keeping it simple and easy for the client.
- Business Builder – Targeted towards established or ambitious customers seeking to build, maintain and market their website all in one go.
- Ultimate Empire – This package includes just about all of the products and services a customer might want to establish and promote their web presence consisting of the basics above and adding a raft of products and services to enhance and get the very best out of their online presence.

2.11 Customer Experience

2.11.1 Overview

Dreamscape Networks prides itself on providing what it believes to be an optimal user experience at every touch point. Utilising best practices in User Experience, Dreamscape Networks strives to ensure that customer interactions with its website, products and systems are seen to be intuitive and efficient. This is backed closely by a committed team, focused on delivering best in world technical support and customer care.

Over the past four years, Dreamscape Networks has increasingly focussed on providing best in world customer care to both new and existing customers. These endeavours have been a primary driver towards Dreamscape Networks' vision, mission and goals.

Technical support and customer care operations are supported by 253 person support centre in Cebu, Philippines that works with teams in Perth, Kiev and Dubai in relation to the technology and systems within the Group's core operations.

Dreamscape Networks has always maintained a strong focus on creating easy to use, intuitive products, systems and interfaces. The websites themselves have consistently evidenced this ethos and in turn represent a unique point of difference for Dreamscape Networks.

Dreamscape Networks recognises that quality of its service and products are of substantial importance to the customer experience. Dreamscape Networks has always taken pride in the intuitive and usable nature of its products and as such has maintained a rigorous approach to operating its products on solid foundations through its infrastructure. In parallel to its focus on achieving its goals around customer care, the Group has invested in building a solid, efficient and highly scalable network of infrastructure for both internal and customer facing services.

The vast and continuing improvements in customer experience are evidenced by Dreamscape Networks' enhancement in customer satisfaction, retention and average revenue per user (ARPU). This has highlighted Dreamscape Networks as a .au market leader with a highly sustainable, annuity style business.

2.11.2 Strategy

In 2013, Dreamscape Networks reconsidered its strategy and began the process of repositioning itself from a low cost domain provider towards becoming a trusted and affordable online services provider with premium service.

The repositioning was supported by:

(i) the consolidation of technical support and customer care centres into a single purpose built facility in Cebu, Philippines;

(ii) investment in customer care staff, increasing from 79 in FY2013 to 123 in FY2016; and

(iii) focus on gaining better quality new customers who were interested in receiving strong customer service and not solely price competitiveness.

The new strategy has been successful in meeting the Group's ambitious Key Performance Indicators (KPIs) and milestones. Customer satisfaction has improved from 52% in September 2013 to reach 91% in June 2016. This has yielded results through increased customer retention, ARPU as well as customer acquisition through channels such as word of mouth referrals.

2.11.3 Customer Acquisition

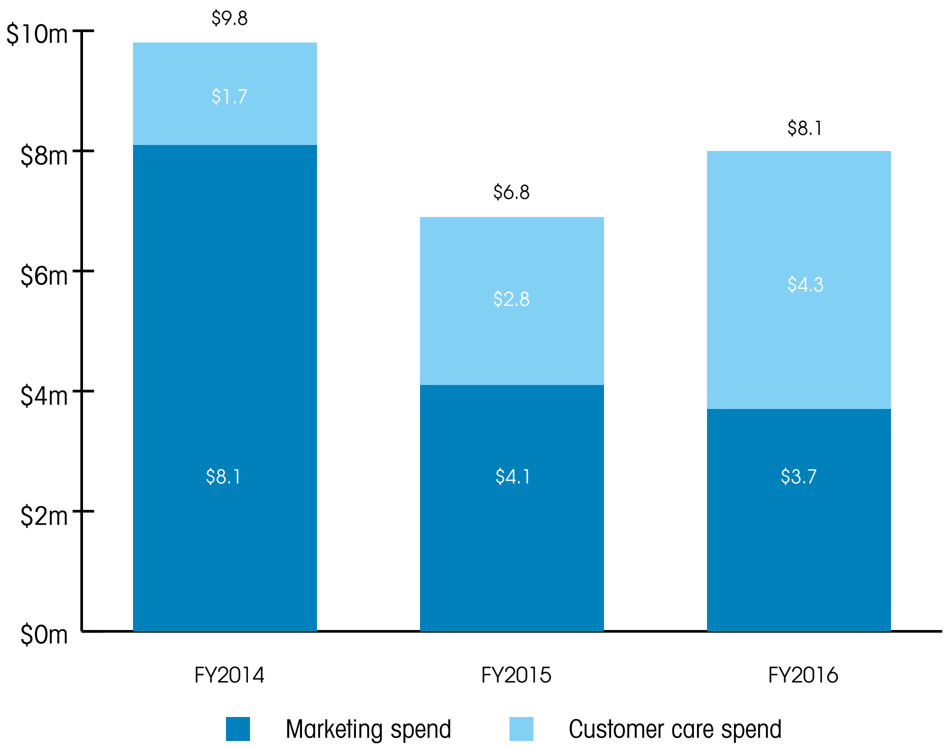
Dreamscape Networks historically grew through an aggressive marketing strategy aimed at generating significant new customer growth and building market share. Whilst this worked very well in creating brand awareness and equity, it also created a perception of a low cost domains provider that attracted primarily low value customers. It became evident that this was not a sustainable business approach and as such Dreamscape Networks shifted its brand position in FY2014/2015.

Dreamscape Networks has focused on optimisation of its marketing strategy resulting in reduced marketing spend which has been allocated towards improvements in customer care and infrastructure. This in turn has resulted in increased word of mouth referrals. The annuity style nature of Dreamscape Networks' offering means that once customers are acquired, they are relatively "sticky" if customer service expectations are met.

The aggressive marketing strategy was in response to growing competition in the Australian market and the desire to establish a strong position quickly. This strategy was implemented between FY2010 to FY2013, where marketing spend increased significantly to a high $8.9 million in FY2013.

With an established brand and a refocussed strategy to retain existing clients, marketing spend reduced to $4.1 million in FY2015, and $3.7 million in FY2016 with an average cost per acquisition of approximately $46. Funds we re-allocated towards customer care and infrastructure (with no other reductions), and Active Members continued to grow despite the lower marketing spend. This highlights the brand equity that Dreamscape Networks has generated.

Graph 5: Marketing Spend vs Customer Care Spend



Dreamscape Networks established its first dedicated sales team in July 2015. The sales team has grown from nil to over 62 Business Development Specialists (BDS) since then, focussing on both cross selling and up-selling opportunities to existing customers and obtaining new customers. Performance of the BDS are monitored both as individuals and as a team and revolve around sales generated (both new and renewal sales), customer feedback and attendance key performance indicators.

The Group now has a range of customer acquisition channels, having relied heavily in the early days on paid search, digital display and television advertising. For June 2016, our customers were acquired through the following channels:

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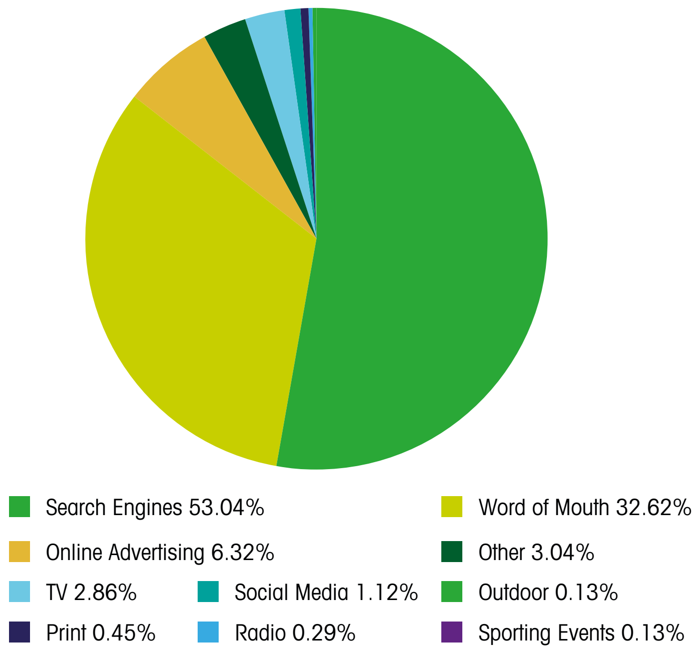
COMPANY AND INDUSTRY OVERVIEW

2.11.3 Customer Acquisition



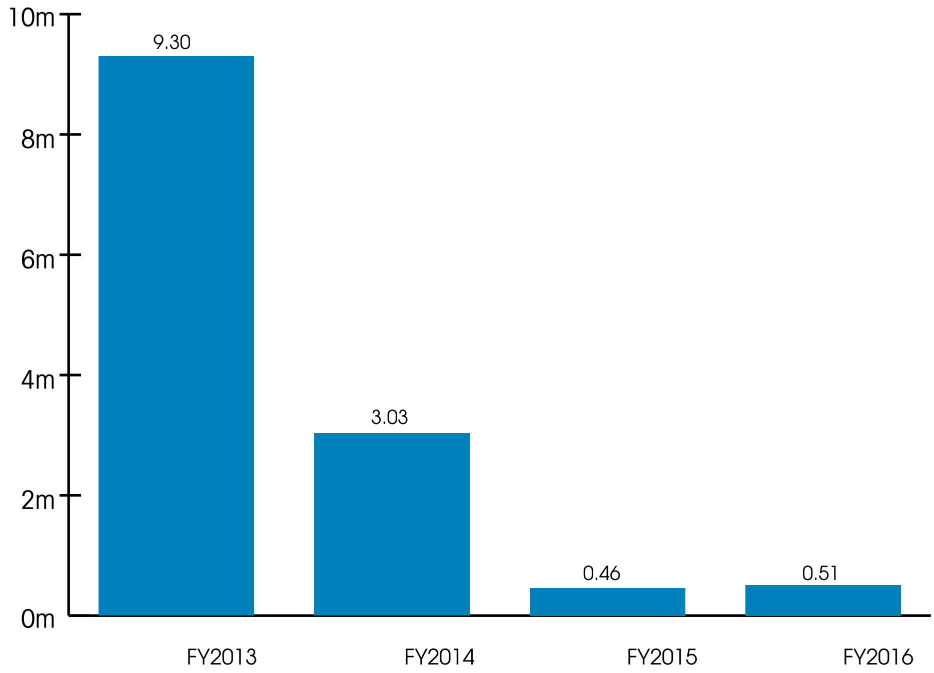
2.11.4 Customer Retention

Customer retention has been a primary area of investment for Dreamscape Networks. Customer service spend grew by 64.7% from FY2014 to FY2015 as a result of the Group's new marketing initiatives and strategy to move focus from customer acquisition to customer service and retention.

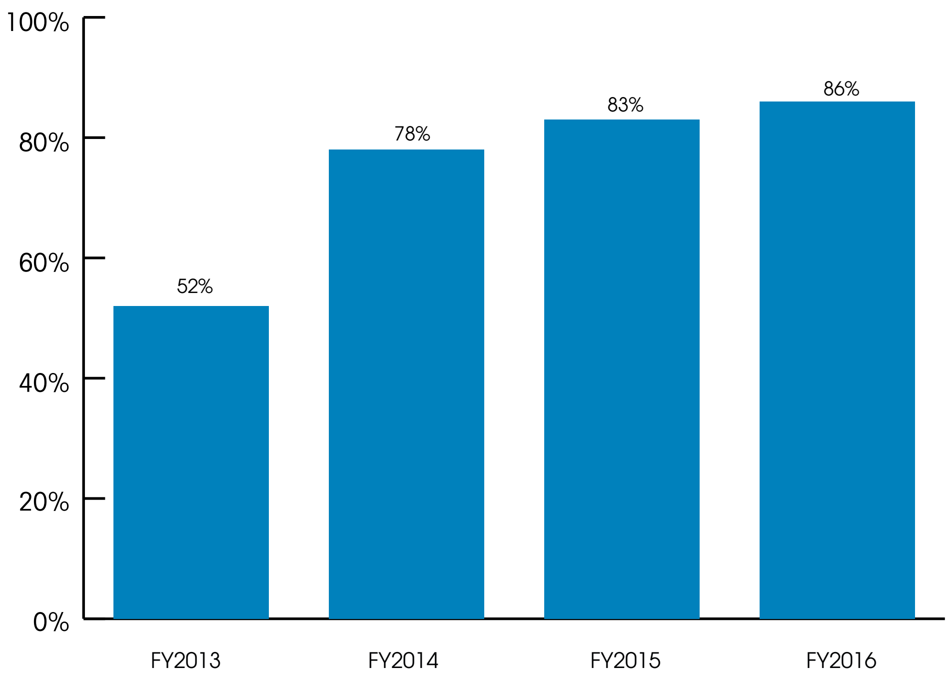
The increased investment in customer care specialists has improved average speed of answer from 9.3 minutes in FY2013 to 0.51 minutes in FY2016. This improvement has helped dramatically increase customer satisfaction from 52% in September 2013 to 91% in June 2016.

Improved customer satisfaction scores have directly reduced the churn rates and improved renewal rates therefore improving customer retention. Churn rates have steadily reduced from 1.9% per month in FY2014 to 1.6% per month in FY2016. The improvement in customer churn rate has led to an increase in customer lifetime to 5.2 years in FY2016.

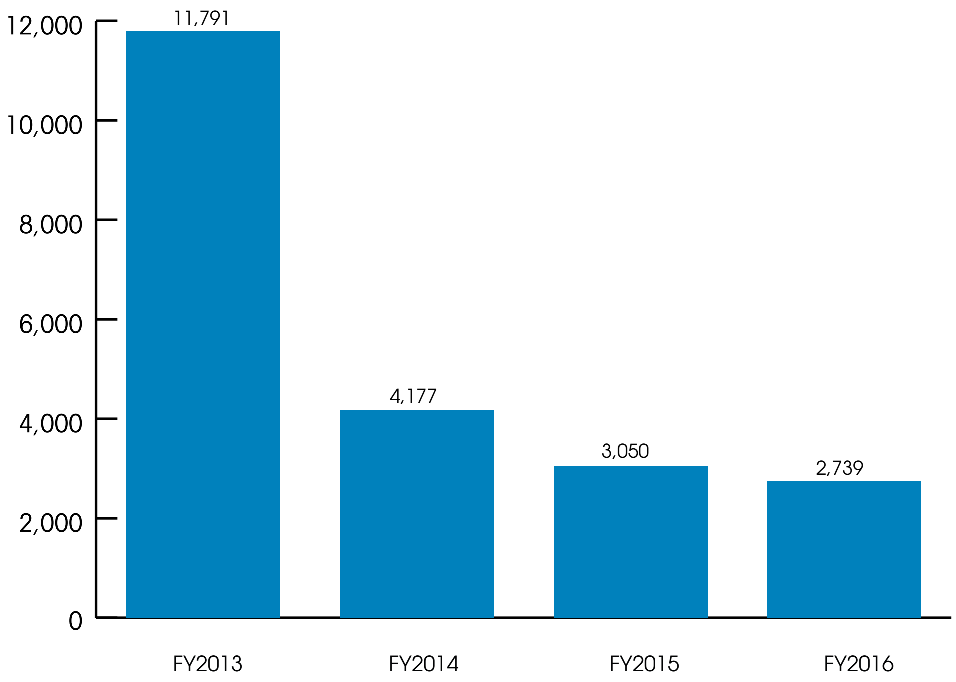
Reduced wait time from over 9 minutes to under 1 minute



Dramatically increasing customer satisfaction

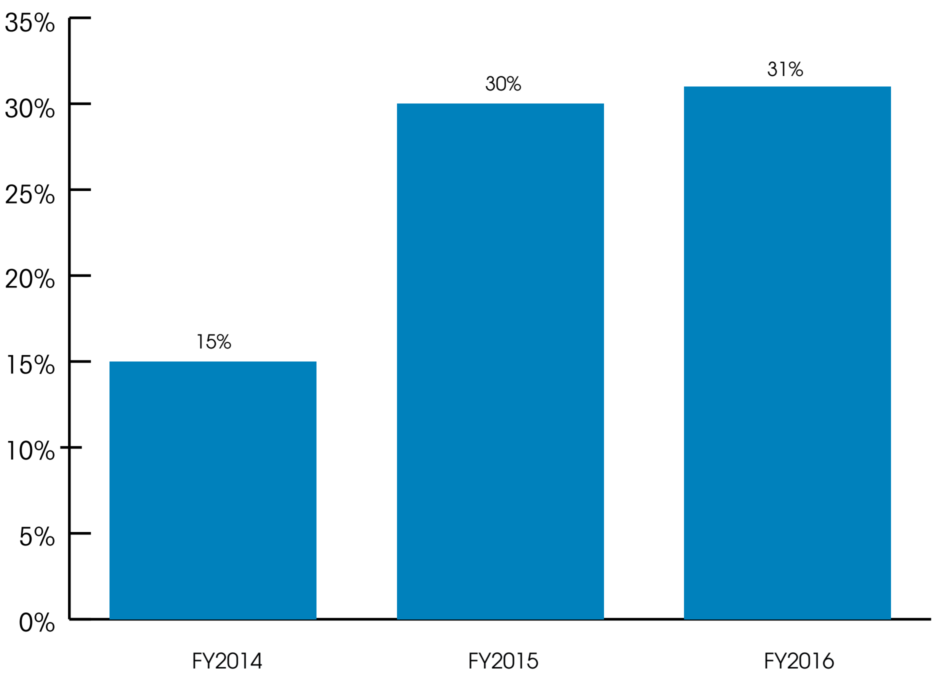


Active Members to Customer Care Specialists ratio



Word of Mouth Referrals

How you found us – Word of Mouth



2.12 People and Culture

With the Group's rapid growth in market share, customers and improved product offerings, it has been heavily recruiting and training new staff. Dreamscape Networks has adopted a Human Resources (HR) strategy to stay ahead of customer demand, and ensure minimal attrition rates and to be recognised as an employer of choice.

Dreamscape Networks has been heavily focused on its unique and positive culture and harnessing and protecting it from dilution. This has been driven by having high levels of engagement from its staff and ensuring that from recruitment stage potential new staff align with Dreamscape Networks' core values. In addition, the key factor of knowing and believing in the vision and mission and ensuring that we are all "flying in formation" with clearly defined goals.

The three main values of the HR strategy are Recruitment, Reward and Development. Dreamscape Networks recognises people as being the number one reason for its continued success and significant improvements over the past few years.

With four offices throughout the world, the Group has the benefit of securing technology industry experts that are critical to its success. The varied time zones give the Group flexibility in working hours and ensure its customers have constant protection, monitoring and support.

Dreamscape Networks has become an employer of choice, as evidenced by a consistent stream of walk-in applicants, which is a result of our unique and positive culture.

2.13 Technical Support and Customer Care Centre

Dreamscape Networks' support operations were originally based out of its office in Perth, Australia. In 2008 we saw an opportunity to create a competitive advantage for ourselves within the Australian market by establishing an offshore support centre in Bangkok, Thailand.

The office launched with 3 support agents working alongside the team in Perth and grew to 40 staff by 2012 at which point it became clear that the Group was unable to sustain the required growth of well-spoken technical support agents within Bangkok.

Following a review of the Group's geographic locations, it made the decision to relocate customer support operations and launched an operation centre in Cebu in May 2013 for the following reasons:

- Cebu is an emerging hub for English speaking corporations in the Philippines, with the Philippines being a leader in business process outsourcing;
- the centre is located in a regional IT hub surrounded by local IT focused universities;
- this centralised location would provide a solid base from which Dreamscape Networks could both initially operate, and be largely scalable for growth in order to meet its ambitious goals around customer care.

Since May 2013, the Cebu office has grown to approximately 253 staff consisting of a substantial hierarchy of motivated, dedicated and highly skilled individuals responsible for maintaining customer support operations for the Group. The office also consists of teams performing supporting roles in a variety of products, services and operational areas within the business.

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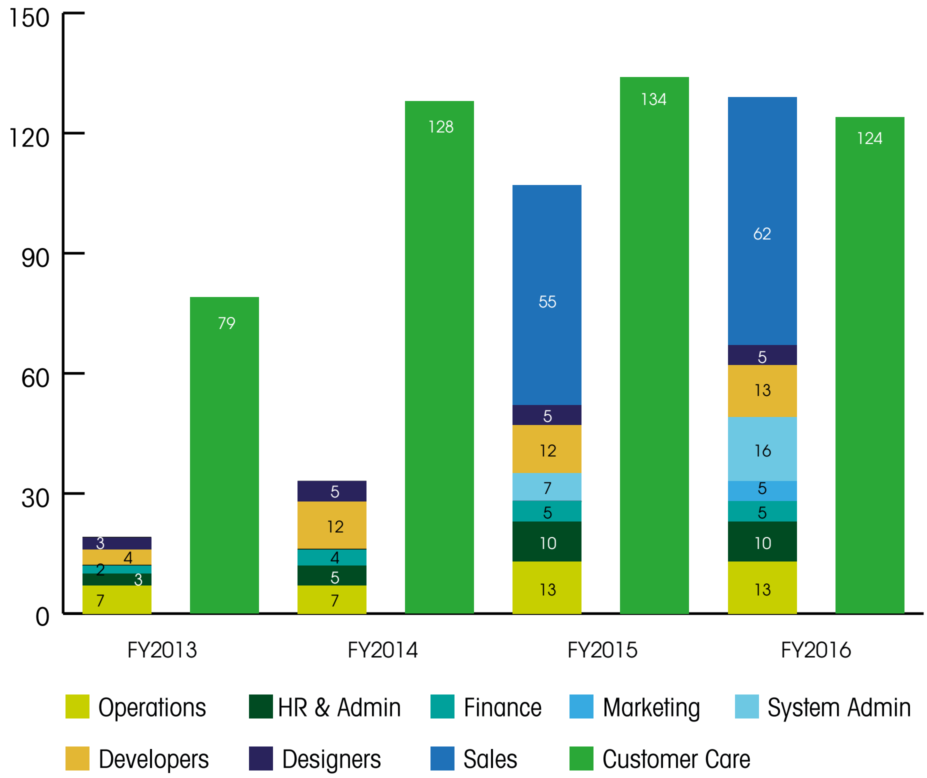
COMPANY AND INDUSTRY OVERVIEW

Cebu Operations Staff



2.14 Technical Infrastructure and Network

Dreamscape Networks owns and operates the majority of its infrastructure utilising colocated rackspace with industry leading, Tier 1 data centre providers including Vocus Communications and Equinix.

Dreamscape Networks has three primary data centre sites, two in Australia and one in the UK. It also operates servers in a variety of global locations to facilitate both internal and customer facing operations. Core infrastructure is set up in redundant pairs and data has both snapshots and daily cross site backups. The Tier 1 data centres are supported with dedicated uninterruptable power supplies (UPS) and generators with all critical equipment backed by same day manufacturer support.

Through close relationships with its providers such as Dell and Barracuda, the Group takes advantage of access to technologies and infrastructure optimal to both current and future requirements.

2.15 Competitive Advantage

Through its evolution, Dreamscape Networks has established an array of competitive advantages that create barriers and difficulty for new entrants as well as existing competitors.

2.15.1 Proven Subscription Model

Products and services are sold on a subscription basis for terms between 1 and 10 years with an average term of 2 years. These are all paid in full, in advance, providing substantial cash flow benefits for Dreamscape Networks and revenue visibility into the future.

2.15.2 Cost effective Customer Acquisition and Operations

Through a combination of experience, economies of scale and a multi-segment/channel approach to its market, Dreamscape Networks has the ability to acquire and maintain customers very cost effectively. In particular, lower customer acquisition costs are achieved through efficient online marketing, increased brand equity, high quality customer service, word of mouth referrals and a low cost operational environment in Cebu, Philippines.

2.15.3 Significant re-marketing, cross-sell and up-sell Platform

Using continued data-mining and member profiling, Dreamscape Networks has internally developed an array of measures and processes by which it can optimise the exposure of relevant products and services to each of its new and existing customers.

2.15.4 Established Accreditations and Partnerships

Dreamscape Networks maintains a vast array of accreditations and partnerships in addition to its own in house developed software and products. Many of these accreditations and partnerships represent a significant barrier to entry into the market and as such limit the competitive landscape providing Dreamscape Networks with an advantage in maintaining its growth within its chosen market segments.

2.15.5 Focus on Best in World Customer Care and Sales

Dreamscape Networks owns and operates a custom built technical support, customer care and sales centre in Cebu, Philippines that is focussed on providing best in world practice. This centre currently has approximately 253 staff members and has capacity for approximately 370 staff. At the conclusion of the 2016 financial year the centre was handling approximately 50,000 customer interactions per month through telephone, email and chat support. Staff are predominantly sourced from local IT focussed universities and undergo an extensive in house training program.

GROWTH STRATEGY 03

03 GROWTH STRATEGY

3.1 Growth Strategy

Dreamscape Networks has a strategic focus on growth to be delivered through six key areas of the Group's existing business and future direction.

3.1.1 Targeted Marketing

The DN8 Group intends to intensify its strategic and targeted marketing within its existing markets to increase customer acquisition. Within Australia there is a significant opportunity in the SMB sector where 63% of SMBs do not currently have a web presence. The DN8 Group intends to tackle the myths around websites being too expensive, too difficult and too time consuming.

3.1.2 International Expansion

Dreamscape Networks has through the years developed an array of systems, infrastructure and support giving it a platform that can be overlayed to "land and expand" in new markets. The DN8 Group has chosen to focus primarily on major English speaking Asian countries including Singapore, Hong Kong, Indonesia, Malaysia and the Philippines.

3.1.3 Acquisitions

The DN8 Group will focus on a variety of potential opportunities for acquisitions within Domain, Hosting, Online Solutions as well as new products. This is of particular interest within the English speaking Asian markets and would allow for an immediate presence to utilise as a base for further growth.

3.1.4 In-house Sales Team

The newly created in-house sales team will be a focal point for growth with both new and existing customers. Utilising the existing customer database, the Group has identified a number of areas for potential growth in delivering a more personalised service which along with up-selling, cross-selling and new product marketing represent an opportunity for increased ARPU and product engagement.

3.1.5 Technical Support and Customer Care

Utilising the focus on delivering best in world service, the DN8 Group expects to continue driving improvements in customer satisfaction with the aim of increasing retention, renewals and word of mouth referrals.

3.1.6 New and Refreshed Products

Through refreshing and introducing a range of products and services, Dreamscape Networks intends to utilise its competitive advantages to increase ARPU and open new product markets.

3.1.7 Growth by Pillar

3.1.7.1 Domain Pillar Growth

A big driver of domain name demand and growth is the ongoing expansion of global Top Level Domains (gTLDs) as part of industry regulator ICANN's delegation of over 1,000 new gTLDs. Volume in registrations has come primarily through:

- those with unique marketing strategies, such as .XYZ and .CLUB; and
- also through geo-targeted domain names such as .SYDNEY, .MELBOURNE, .LONDON etc.

Categorisation, intuitive design and marketing has been key to growth in this area in order to target the right product to the right user.

Whilst some domain names are clearly for general, fun or entertaining purposes (.NINJA, .COOL, etc.), many are targeted towards particular types of clients, trades or industries (.CONTRACTORS, .PHOTOGRAPHY, .PLUMBING, etc.).

The DN8 Group also has plans to launch a variety of products and services within its Domain pillar in FY2017, predominantly around domain/brand protection and the domain aftermarket.

3.1.7.2 Hosting Pillar Growth

Dreamscape Networks is targeting growth within the Hosting pillar through a number of initiatives and new products.

The Group has offered email and web hosting for over a decade but predominantly as a value add service and has yet to market the products heavily in their own right. Through its database of domain name customers, it aims to take advantage of the data at hand to accelerate and increase exposure of its hosting products to existing members.

Dreamscape Networks has also highlighted several opportunities within new market segments of the hosting industry and will release products within the Cloud and Content Management System (CMS) Hosting area along with supporting products based around website security and backup.

3.1.7.3 Solutions Pillar Growth

Solutions is the fastest growing pillar within the company and holds the most potential for future growth, both at a Bookings and profitability level. The Group is focused on delivering a suite of products and solutions to suit the needs of its customers in making it more simple, efficient and cost effective to operate and grow their business.

The Group has focused on expanding its range of products and services for FY2017 and plans to refresh and expand on its SEO and marketing services, the provision of premium website content and materials as well as the introduction of cloud based business tools and services.

Growth is expected within this pillar through new third party agreements as the Group takes advantage of increasing buying power.

HISTORICAL AND FORECAST FINANCIAL INFORMATION

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04 HISTORICAL AND FORECAST FINANCIAL INFORMATION

4. HISTORICAL AND FORECAST FINANCIAL INFORMATION

4.1 Introduction

This section contains both the Historical and Forecast Financial Information for Dreamscape Networks Limited, including the financial information of the proposed acquisition of Pandora Enterprise Holdings, being the parent entity of Dreamscape Networks FZ-LLC and its subsidiaries, which will collectively be referred hereinafter as the **Group** (collectively, the **Financial Information**) as follows:

a. **Statutory Historical Financial Information**, being the:
   - Statutory historical consolidated statements of profit and loss for the years ended 30 June 2014 and 30 June 2015, and 30 June 2016 (Statutory Historical Results);
   - Statutory historical consolidated cash flows the years ended 30 June 2014 and 30 June 2015, and 30 June 2016 (Statutory Historical Cash Flows); and,
   - Statutory historical consolidated statement of financial position as at 30 June 2016 (Statutory Historical Balance Sheet).

   As explained in Section 4.2, the Statutory Historical Financial Information has been based on the audited financial reports of the Group.

b. **Pro Forma Historical Financial Information**, being the:
   - Pro Forma historical consolidated statements of profit and loss for the years ended 30 June 2014 and 30 June 2015, and 30 June 2016 (Pro Forma Historical Results);
   - Pro Forma historical consolidated cash flows for the years ended 30 June 2014 and 30 June 2015, and 30 June 2016 (Pro Forma Historical Cash Flows); and,
   - Pro forma historical consolidated statement of financial position as at 30 June 2016 (Pro Forma Historical Balance Sheet).

The Pro Forma Historical Financial Information assumes completion of the Offer and Acquisition.

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively referred to as the **Historical Financial Information**.

c. **Statutory Forecast Financial Information**, being the:
   - Statutory consolidated forecast statements of profit and loss for the year ending 30 June 2017 (Statutory Forecast Results); and,
   - Statutory consolidated forecast cash flows for the year ending 30 June 2017 (Statutory Forecast Cash Flows).

d. **Pro Forma Forecast Financial Information**, being the:
   - Pro Forma consolidated forecast statements of profit and loss for the year ending 30 June 2017 (Pro Forma Forecast Results); and
   - Pro Forma consolidated forecast cash flows for the year ending 30 June 2017 (Pro Forma Forecast Cash Flows).

   The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information each assume completion of the Offer and Acquisition.

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are collectively referred to as the **Forecast Financial Information**.

Also summarised in this section are the:

- Basis of preparation and presentation of the Financial Information - see Section 4.2;
- Information regarding certain non-IFRS financial measures - see Section 4.2(d);
- The pro forma adjustments to the Statutory Historical Financial Information and the Statutory Forecast Financial Information, and reconciliation to the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information, respectively;

- Information regarding our contractual obligations, commitments and contingent liabilities - see Section 4.4(d);
- Management discussion and analysis of the Pro Forma Historical Information, the key elements of our operating results and their drivers - see Section 4.6;
- The Directors' best estimate general and specific assumptions underlying the Forecast Financial Information - see Section 4.7;
- Management's discussion and analysis of the Forecast Financial Information - see Sections 4.7(c) and (d);
- A sensitivity analysis of the Forecast Financial Information to changes in key forecast assumptions - see Section 4.7(e); and
- A summary of our proposed dividend policy - see Section 4.8.

All amounts disclosed in this section are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $0.1 million.

The financial years presented in this section are also abbreviated as follows:

- Year ended 30 June 2014 FY2014
- Year ended 30 June 2015 FY2015
- Year ended 30 June 2016 FY2016
- Year ending 30 June 2017 FY2017

4.2 Basis of Preparation and Presentation of the Financial Information

(a) General

Dreamscape Networks Limited (the **Company** or **DN8**) was incorporated on 27 April 2016, for the sole purpose of acquiring 100% of the issued share capital of Pandora Enterprise Holdings Ltd. Pandora Enterprise Holdings is the parent entity of Dreamscape Networks FZ-LLC and its subsidiaries, and will collectively be referred hereinafter as **Dreamscape Networks** or the **Group**.

Dreamscape Networks will become wholly-owned by Dreamscape Networks Limited on Completion of the Offer and Acquisition. The new group comprising Dreamscape Networks Limited, Pandora Enterprise Holdings, Dreamscape Networks FZ-LLC and its wholly-owned subsidiaries will collectively be referred hereinafter as the **DN8 Group**.

The statutory historical consolidated financial statements of the Group for FY2014, FY2015 and FY2016 have been audited by HLB Trinity Financial Services Ltd. (**HLB Trinity**). HLB Trinity issued unqualified opinions in respect of all periods. In addition, the statutory consolidated financial statements of Dreamscape Networks FZ-LLC and its subsidiaries for FY2014, FY2015 and FY2016 have been audited by HLB Hamt, for which unqualified opinions were issued in respect of all periods. The financial statements of Dreamscape Networks Limited for the period from the date of incorporation to 30 June 2016 have been audited by the partnership HLB Mann Judd.

The Financial Information in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles of International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**). All applicable IFRS principles adopted by the DN8 Group are consistent with Australian Accounting Standards (**AAS**) as adopted by the Australian Accounting Standards Board (**AASB**) and our accounting policies. The Significant Accounting Policies are described in Section 10.2.

The Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Historical Financial Information.

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures, statements or comparative information required by the IFRS, AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

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The DN8 Group will manage its operations as a single business unit and as a result there are no parts of the business that qualify as operating segments under AASB 8 Operating Segments.

In addition to the Financial Information, Section 4 describes certain financial and operating measures that the DN8 Group will use to manage and report on its business that are not defined under, or recognised by, IFRS or AAS.

The financial information presented in this section should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus. The accounting policies have been consistently applied throughout the periods presented, and are set out in the Significant Accounting Policies as described in Section 10.2.

Rounding in the Financial Information may result in some immaterial rounding differences between the components and total percentage calculations outlined within the tables and commentary.

The Directors are responsible for the preparation and presentation of the Financial Information.

(b) Preparation of the Historical Financial Information

Dreamscape Networks Limited, a newly incorporated entity which will become the holding company of the Group on Completion of the Offer and Acquisition, has audited historical financial statements for the period from the date of incorporation to 30 June 2016 only. The historical financial information presented in this Report is the historical financial information of the Group.

Reverse acquisition accounting

The acquisition of the Group by Dreamscape Networks Limited has the features of a reverse acquisition under Australian Accounting Standard AASB 3 "Business Combinations", notwithstanding Dreamscape Networks Limited being the legal parent of the Group. Consequently, the historical financial information presented in this Section is the historical financial information of the Group.

The legal structure subsequent to the acquisition of the Group will be that Dreamscape Networks Limited will remain as the legal parent entity. However, the principles of reverse acquisition accounting are applicable where the owners of the acquired entity (in this case, Pandora Enterprise Holdings Ltd.) obtain control of the acquiring entity (in this case, Dreamscape Networks Limited) as a result of the combination of the two businesses.

Under reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (Dreamscape Networks Limited) but are a continuation of the financial statements of the legal subsidiary (Pandora Enterprise Holdings Ltd and its subsidiaries), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

The Statutory Historical Financial Information was derived from the consolidated financial statements of the Group for FY2014, FY2015 and FY2016. The consolidated financial statements of the Group for FY2014, FY2015 and FY2016 were audited by HLB Trinity in accordance with International Standards of Auditing (ISA). HLB Trinity has issued unqualified audit opinions in respect to the consolidated financial statements for each reporting period.

Similarly, the statutory consolidated financial statements of Dreamscape Networks FZ-LLC and its subsidiaries for FY2014, FY2015 and FY2016 have been audited by HLB Hamt in accordance with ISA, for which they issued unqualified opinions in respect of all periods.

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in the Prospectus. It has been derived from the Statutory Historical Financial Information of the Group, with pro forma adjustments made to reflect the elimination of non-recurring items and the take-up of stand-alone public company and transaction costs.

Refer to:

- Section 4.3 for a reconciliation between the Statutory Historical Results and Pro Forma Historical Results;
- Section 4.4 for a reconciliation between the Statutory Historical Balance Sheet and the Pro Forma Historical Balance Sheet; and,
- Section 4.5 for a reconciliation between Statutory Historical Cash Flows and Pro Forma Historical Cash Flows.

The Historical Financial Information presented in the Prospectus has been reviewed by HLB Mann Judd Corporate (WA) Pty Ltd (**HLB Mann Judd**) in accordance with Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Limited Assurance Investigating Accountant's Report on the Pro Forma Historical Financial Information. Investors should note the scope and limitations of the Limited Assurance Investigating Accountant's Report on the Pro Forma Historical Information included in Section 8.

Investors should note that past results are not a guarantee of future performance.

(c) Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared for inclusion in this Prospectus. The Forecast Financial Information is presented on both a statutory and pro forma basis for FY2017. The Statutory Forecast Financial Information represents our best estimates of the financial performance and cash flows that the DN8 Group expects to report in its general purpose statutory consolidated financial statements for FY2017.

The Pro Forma Forecast Information has been derived from the Statutory Forecast Information, after adjusting for pro forma transactions and other adjustments to reflect:

a. the DN8 Group's operations following Completion of the Offer and Acquisition;

b. the elimination of non-recurring items; and

c. the take-up of stand-alone public company costs.

The Statutory Forecast Information for FY2017 consists of the Directors' best estimates for the year ending 30 June 2017.

Except for the Acquisition, no acquisitions of new entities or businesses are assumed to occur in the period covered by the Forecast Financial Information.

The Forecast Financial Information has been prepared and presented consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information. The Forecast Financial Information is based on an assessment of current economic and operating conditions and on the general and specific assumptions regarding future events and actions set out in Section 4.7. The Forecast Financial Information is subject to the risk factors as set out in Section 5. The disclosure of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and the effect on the Forecast Financial Information if they do not occur, and is not intended to be a representation that the assumptions will occur.

The Forecast Financial Information presented in the Prospectus has been reviewed by HLB Mann Judd in accordance with Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information, as stated in its Limited Assurance Investigating Accountant's Report on the Forecast Financial Information. Investors should note the scope and limitations of the Limited Assurance Investigating Accountant's Report on the Forecast Financial Information included in Section 8.

The Company believes the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing the Prospectus. However, this information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and this may have a material positive or negative effect on our actual financial performance, cash flows or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of the DN8 Group, the Directors or management, and are not readily predictable. Accordingly, neither the DN8 Group, the Directors, management, nor any other person can give investors any assurance that the outcomes detailed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The Forecast Financial Information in this Section should be read in conjunction with the general assumptions set out in Section 4.7(a), the specific assumptions set out in Section 4.7(b), the sensitivity analysis set out in Section 4.7(e), the risk factors set out in Section 5 and other information in this Prospectus. The DN8 Group does not intend to update or revise the Forecast Financial Information or other forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

(d) Description of Non-IFRS Financial Measures

The DN8 Group uses certain measures to manage and report on its business that are not recognised under IFRS or AAS. The Directors believe that these measures provide useful information about the financial performance of the DN8 Group and its business. However, these should be considered as supplements to the statutory consolidated financial statements presented in accordance with IFRS and not as a replacement. Because these non-IFRS financial measures are not based on IFRS or AAS, they do not necessarily follow the standard definitions, and the way the DN8 Group calculates these measures may differ from similarly titled measures used by other companies.

Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

These are described as "non-IFRS Financial Measures" and the principal measures used in this Prospectus are as follows:

BOOKINGS: Bookings refer to the gross amount of revenue generated from the sale of all products at a given period, before refunds and any sales adjustments. This includes both non-subscription and subscription based products for domains, hosting and solutions. Bookings disregard the subscription term of the products sold, which is an essential requirement for revenue recognition under IFRS. With that, Bookings reflect only the actual sales generated at a given period and provide an accurate indication of the revenue growth, the effectiveness of our sales efforts in a given period, and the operating performance of our business.

ADJUSTED REVENUE: Adjusted revenue represents Bookings, net of refunds and any sales adjustments. Adjusted revenue serves as an alternative reference in determining the net cash collected from the Bookings at a given period.

ADJUSTED DIRECT COST: Adjusted direct cost represents direct cost excluding the effect of deferral on certain subscription-based costs. This reflects the grossed-up value of the direct cost, taking into consideration the full amount, instead of the "incurred portion" of subscription-based costs.

ADJUSTED GROSS PROFIT: Adjusted Gross Profit relates to the difference between Adjusted Revenue and Adjusted Direct Cost at a given period. DN8 Group also calculates the Adjusted Gross Profit Rate, which is Adjusted Gross Profit expressed as a percentage of Bookings. Adjusted Gross Profit and Adjusted Gross Profit Rate provide key measures on the DN8 Group's profitability and net cash generated with respect to its core activity.

COST OF DOING BUSINESS (CODB): This represents the operating expenses incurred by DN8 Group in the conduct of its business, which is limited to (a) salaries and employee benefits, (b) advertising and marketing expenses and (d) general and administrative expenses.

EBITDA: EBITDA is earnings before interest, taxation, depreciation and amortisation.

The DN8 Group uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges. Because it does not include the non-cash charges for depreciation and amortisation, EBITDA is useful to help understand the cash generation potential of the business. However, it should not be considered as an alternative to cash flow from operations and investors should not consider EBITDA in isolation from, or as a substitute for, analysis of DN8 Group's results from operations.

ADJUSTED EBITDA: Adjusted EBITDA is a cash-based measure of our performance that aligns our Bookings and operating expenditures, and is a primary metric management uses to evaluate the profitability of our business. We calculate Adjusted EBITDA using the EBITDA calculation, adjusted for the change in deferred revenue so as to include total Bookings, change in the deferred costs associated with the total Bookings, and without the non-cash equity-based compensation expense. Investors should not consider Adjusted EBITDA in isolation from, or as a substitute for, analysis of DN8 Group's results from operations.

CASH GENERATED FROM OPERATIONS: This represents net cash flow from operating activities, adjusted for advances to related parties and reduced by capital expenditures and acquisitions of intangibles. The DN8 Group considers this as an alternative to quickly determine the cash generated from business operations.

ADJUSTED WORKING CAPITAL: This pertains to current assets less current liabilities adjusted for the current portion of deferred revenue and advances to related parties. Deferred revenue represents income in advance being the net amounts received from sales less amounts paid for cost of sales, deferred over the contract term. As this does not represent a normal financial liability which falls due nor funded through working capital, the current portion of deferred revenue is added back in the computation of working capital. Advances to related parties are also deducted from current assets as this does not represent an operational financial asset. The DN8 Group refers to this measure to determine its operating liquidity and assess its short term financial health.

4.3 Historical and Forecast Results

(a) Pro Forma Historical Results and Forecast Results

Table 1(a) below summarises the pro forma historical results for FY2014, FY2015 and FY2016 and the pro forma forecast results for FY2017 together with the statutory forecast results for FY2017. The pro forma historical and forecast results are reconciled to the statutory historical and forecast results in Tables 3 and 4.

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Table 1(a): IFRS | Summary of Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

JUNE YEAR END	Pro forma historical[1]			Pro forma forecast[2]	Statutory forecast
$ MILLION	FY2014	FY2015	FY2016	FY2017	FY2017
Gross revenue	30.7	40.9	45.9	49.0	49.0
Refunds and adjustments	(1.8)	(2.3)	(3.0)	(2.7)	(2.7)
Revenue	**28.9**	**38.6**	**42.9**	**46.3**	**46.3**
Direct Cost	**(14.8)**	**(18.2)**	**(18.8)**	**(20.3)**	**(20.3)**
Gross Profit	**14.1**	**20.4**	**24.1**	**26.0**	**26.0**
Cost of Doing Business:					
Salaries and employee benefits	(7.4)	(8.8)	(11.2)	(12.4)	(12.4)
Advertising and marketing	(8.1)	(4.1)	(3.7)	(4.0)	(4.0)
General and administrative	(3.9)	(4.3)	(5.3)	(5.2)	(5.2)
Others	(0.8)	(0.8)	(0.4)	-	-
EBITDA	**(6.1)**	**2.4**	**3.5**	**4.4**	**4.4**
Depreciation and amortisation	(0.7)	(1.0)	(1.4)	(1.5)	(1.5)
EBIT	**(6.8)**	**1.4**	**2.1**	**2.9**	**2.9**
Tax (expense)/benefit	1.7	(0.6)	(1.0)	(0.8)	(0.8)
NPAT	**(5.1)**	**0.8**	**1.1**	**2.1**	**2.1**

Notes:

1. The Statutory Historical Results are reconciled to the Pro Forma Historical Results in Section 4.3(b).
2. The Statutory Forecast Results are reconciled to the Pro Forma Forecast Results in Section 4.3(b).
3. Statutory Forecast Results for FY2017 consists of the Directors' best estimates for the twelve-month period 1 July 2016 to 30 June 2017.

As discussed in Section 4.2(d), the DN8 Group uses non-IFRS measures to report on its business that are not recognised under IFRS or AAS.

The transitioning from IFRS to non-IFRS of Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results is shown in Table 1(b) below:

Table 1(b): Non-IFRS | Summary of Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

JUNE YEAR END	Pro forma historical[1]			Pro forma forecast[2]	Statutory forecast
$ MILLION	FY2014	FY2015	FY2016	FY2017	FY2017
Gross revenue	30.7	40.9	45.9	49.0	49.0
Deferred revenue adjustment	11.0	5.7	4.0	6.1	6.1
Bookings	**41.7**	**46.6**	**49.9**	**55.1**	**55.1**
Refunds and adjustments	(1.8)	(2.3)	(3.0)	(2.7)	(2.7)
Adjusted Revenue	**39.9**	**44.3**	**46.9**	**52.4**	**52.4**
Direct cost	**(14.8)**	**(18.2)**	**(18.8)**	**(20.3)**	**(20.3)**
Deferred cost adjustment	(3.7)	(2.1)	(0.7)	(0.5)	(0.5)
Adjusted Direct Cost	**(18.5)**	**(20.3)**	**(19.5)**	**(20.8)**	**(20.8)**
Adjusted Gross Profit	**21.4**	**24.0**	**27.4**	**31.6**	**31.6**
Cost of Doing Business:					
Salaries and employee benefits	(6.3)	(7.7)	(10.1)	(11.4)	(11.4)
Advertising and marketing	(8.1)	(4.1)	(3.7)	(4.0)	(4.0)
General and administrative	(3.9)	(4.3)	(5.3)	(5.2)	(5.2)
Others	(0.8)	(0.8)	(0.4)	-	-
Adjusted EBITDA	**2.3**	**7.1**	**7.9**	**11.0**	**11.0**

Notes:

1. The Statutory Historical Results are reconciled to the Pro Forma Historical Results in Section 4.3(b).
2. The Statutory Forecast Results are reconciled to the Pro Forma Forecast Results in Section 4.3(b).

Tables 2(a) and 2(b) summarise DN8 Group's key historical operating metrics for FY2014, FY2015 and FY2016, derived from the Pro Forma Historical Results, and the forecast key operating metrics for FY2017 derived from the Pro Forma Forecast Results.

Tables 2(a) and 2(b) are prepared in two sets, to show the key metrics based on IFRS and non-IFRS figures, respectively.

Table 2(a): IFRS | Key Historical Financial Metrics for FY2014 to FY2016 and Forecast Financial Metrics for FY2017.

JUNE YEAR END	Pro forma historical			Pro forma forecast
	FY2014*	FY2015	FY2016	FY2017
Gross revenue growth	n/a	33%	12%	7%
Revenue growth	n/a	34%	11%	8%
Gross Profit margin	49%	53%	56%	56%
Gross Profit growth	n/a	45%	18%	8%
EBITDA margin	(21%)	6%	8%	10%
EBITDA growth	n/a	139%	46%	26%
NPAT margin	(18%)	2%	3%	5%
NPAT growth	n/a	116%	38%	91%

Table 2(b): Non-IFRS | Key Historical Financial Metrics for FY2014 to FY2016 and Forecast Financial Metrics for FY2017.

JUNE YEAR END	Pro forma historical			Pro forma forecast
	FY2014*	FY2015	FY2016	FY2017
Bookings growth	n/a	12%	7%	10%
Adjusted Revenue growth	n/a	11%	6%	12%
Adjusted Gross Profit margin on Bookings	51%	52%	55%	57%
Adjusted Gross Profit growth	n/a	12%	14%	15%
EBITDA margin on Bookings	6%	15%	16%	20%
EBITDA growth	n/a	209%	11%	39%

* As this Section relates to FY2014 to FY2017 only, certain financial metrics in FY2014 are not applicable.

(b) Pro Forma Adjustments to the Statutory Historical Results

Tables 3 and 4 below set out the pro forma adjustments made to Adjusted EBITDA and NPAT contained in the statutory consolidated statements of profit and loss to eliminate non-recurring items, to reflect stand-alone public company costs and to reflect the operating and capital structure of the DN8 Group following Completion of the Offer and Acquisition as if this was in place as at 1 July 2013.

Table 3: Reconciliation of the Statutory Historical and Forecast NPAT to Pro forma Historical and Forecast Adjusted EBITDA for FY2014 to FY2017

JUNE YEAR END		Historical			Forecast
$ MILLION	Note	FY2014	FY2015	FY2016	FY2017
Statutory NPAT		**(3.7)**	**3.5**	**3.3**	**2.1**
Income tax expense		0.1	0.1	0.3	0.8
Depreciation and amortisation		0.7	1.0	1.4	1.5
Equity-based compensation	1	-	-	-	1.0
Deferred revenue adjustment		11.0	5.7	4.0	6.1
Deferred cost adjustment		(3.7)	(2.1)	(0.7)	(0.5)
Statutory Adjusted EBITDA		**4.4**	**8.2**	**8.3**	**11.0**
Public company costs	2	(1.6)	(1.6)	(1.4)	-
Gain from accident settlement	3	-	-	(0.4)	-
Notional adjustments	4	(0.5)	0.5	1.3	-
Pro forma Adjusted EBITDA		**2.3**	**7.1**	**7.9**	**11.0**

Notes:

1. **Equity-based compensation** – Reflects the expected valuation of equity-based compensation for share options and performance rights to be issued following completion of the Offer.
2. **Public company costs** – This is based on the DN8 Group's estimate of the incremental annual costs that it will incur as a listed public company. These costs include incremental increases to Non-executive Director remuneration, company secretary costs, additional audit and legal fees, listing fees, registry fees, Directors' and officers' insurance premiums as well as annual general meeting and annual report costs.
3. **Gain from accident settlement** – Represents the amount received by the DN8 Group from the venue owner as a gesture of goodwill for the unforeseen incident which occurred during a marketing event.
4. **Notional adjustments** – Reflects the net adjustment in deferred cost as a result of the change in the deferred cost recognition and amortisation.

Table 4: Reconciliation of the Statutory Historical and Forecast NPAT to Pro forma Historical and Forecast NPAT for FY2014 to FY2017

JUNE YEAR END		Historical			Forecast
$ MILLION	Note	FY2014	FY2015	FY2016	FY2017
Statutory NPAT		**(3.7)**	**3.5**	**3.3**	**2.1**
Equity-based compensation	1	(1.1)	(1.1)	(1.1)	-
Public company costs	2	(1.6)	(1.6)	(1.4)	-
Gain from accident settlement	3	-	-	(0.4)	-
Notional adjustments	4	(0.5)	0.5	1.3	-
Tax effect of pro forma adjustments	5	0.8	0.5	0.4	-
Notional income tax adjustment	6	1.0	(1.0)	(1.0)	-
Pro forma NPAT		**(5.1)**	**0.8**	**1.1**	**2.1**

Notes:

1-4. Refer to footnotes in Table 3.

5. **Tax effect of pro forma adjustments** – The tax impact of adjustments 1-4 above have been reflected as part of this adjustment as appropriate.
6. **Notional income tax adjustment** – This represents notional income tax on the basis that the Group is taxed as a CFC.

(c) Statutory Historical Results

Tables 5(a) and 5(b) below present the statutory historical results for FY2014, FY2015 and FY2016, based on IFRS and non-IFRS figures, respectively.

Table 5(a): IFRS | Statutory Historical Results from FY2014 to FY2016

JUNE YEAR END	Statutory Historical		
$ MILLION	FY2014	FY2015	FY2016
Gross revenue	30.7	40.9	45.9
Refunds and adjustments	(1.8)	(2.3)	(3.0)
Revenue	**28.9**	**38.6**	**42.9**
Direct Cost	**(14.2)**	**(18.7)**	**(20.1)**
Gross Profit	**14.7**	**19.9**	**22.8**
Other Income	-	-	0.4
Cost of Doing Business:			
- Salaries and employee benefits	(5.0)	(6.4)	(9.0)
- Advertising and marketing	(8.1)	(4.1)	(3.7)
- General and administrative	(3.7)	(4.1)	(5.0)
- Others	(0.8)	(0.7)	(0.5)
EBITDA	**(2.9)**	**4.6**	**5.0**
Depreciation and amortisation	(0.7)	(1.0)	(1.4)
EBIT	**(3.6)**	**3.6**	**3.6**
Tax expense	(0.1)	(0.1)	(0.3)
NPAT	**(3.7)**	**3.5**	**3.3**

Table 5(b): Non-IFRS | Statutory Historical Results from FY2014 to FY2016

JUNE YEAR END	Statutory Historical		
$ MILLION	FY2014	FY2015	FY2016
Gross revenue	30.7	40.9	45.9
Deferred revenue adjustment - net	11.0	5.7	4.0
Bookings	**41.7**	**46.6**	**49.9**
Refunds and adjustments	(1.8)	(2.3)	(3.0)
Adjusted Revenue	**39.9**	**44.3**	**46.9**
Direct cost	(14.2)	(18.7)	(20.1)
Deferred cost adjustment - net	(3.7)	(2.1)	(0.7)
Adjusted Direct Cost	**(17.9)**	**(20.8)**	**(20.8)**
Adjusted Gross Profit	**22.0**	**23.5**	**26.1**
Other Income	-	-	0.4
Cost of Doing Business:			
-Salaries and employee benefits	(5.0)	(6.4)	(9.0)
-Advertising and marketing	(8.1)	(4.1)	(3.7)
-General and administrative	(3.7)	(4.1)	(5.0)
-Others	(0.8)	(0.7)	(0.5)
Adjusted EBITDA	**4.4**	**8.2**	**8.3**

4.4 Pro Forma Historical Balance Sheet

Table 6 below sets out the adjustments that have been made to the statutory historical balance sheet for the DN8 Group as at 30 June 2016 so as to prepare a pro forma historical balance sheet. These adjustments reflect the impact of the operating and capital structure that will be in place following Completion of the Offer and Acquisition as if this had occurred or was in place as at 30 June 2016.

Table 6: Pro Forma Historical Balance Sheet

As at 30 June 2016	Statutory	Advances Forgiven[1]	Impact of the Offer[2]	Pro forma
Assets				
Current assets				
Cash and cash equivalents	4.5	-	12.5	17.0
Other financial assets	0.2	-	-	0.2
Trade and other receivables	2.6	-	-	2.6
Prepayments and other deposits	1.5	-	-	1.5
Due from related parties	11.2	(11.2)	-	-
Total current assets	**20.0**	**(11.2)**	**12.5**	**21.3**
Non-current assets				
Property and equipment	1.9	-	-	1.9
Goodwill and other intangible assets	1.1	-	-	1.1
Deferred tax assets	0.2	-	0.8	1.0
Other non-current assets	0.1	-	-	0.1
Total non-current assets	**3.3**	**-**	**0.8**	**4.1**
Total assets	**23.3**	**(11.2)**	**13.3**	**25.4**
Liabilities				
Current liabilities				
Trade and other payables	1.5	-	-	1.5
Accrued expenses	1.4	-	-	1.4
Other current liabilities	0.4	-	-	0.4
Income tax payable	0.2	-	-	0.2
Deferred revenue – net	17.0	-	-	17.0
Total current liabilities	**20.5**	**-**	**-**	**20.5**
Non-current liabilities				
Deferred revenue – net	9.8	-	-	9.8
End of service benefits	0.3	-	-	0.3
Total non-current liabilities	**10.1**	**-**	**-**	**10.1**
Total liabilities	**30.6**	**-**	**-**	**30.6**
Net assets	**(7.3)**	**(11.2)**	**13.3**	**(5.2)**
Equity				
Share capital	0.0	-	13.2	13.2
Accumulated deficit	(7.4)	(11.2)	-	(18.6)
Reserves	0.1	-	0.1	0.2
Total equity	**(7.3)**	**(11.2)**	**13.3**	**(5.2)**

Notes:

1. Advances to the Vendors are disclosed as a current asset, with a balance of $11.2 million at 30 June 2016. The amount of the advances to be forgiven will be the actual balance remaining on the date of completion pursuant to the Share Sale Agreement.
2. The pro forma historical balance sheet reflects, as a result of the Offer, a contributed equity increase of $25.0 million through the issue of Shares by the Company, less $10.0 million attributable to the Vendors which is applied against share capital as a result of the reverse acquisition; and IPO transaction costs ($2.5 million less tax-effect of $0.8 million) offset against equity.

   The value of Options to be issued to the Lead Manager ($0.1 million) pursuant to the Lead Manager Mandate has been applied against share capital as an IPO transaction cost.

(a) Pro Forma Adjustments to the Pro forma Historical Balance Sheet

In conjunction with the Offer, DN8 Group will issue new equity pursuant to the Offer and Acquisition. Proceeds from the Offer will be used as follows:

- $10 million to fund the cash component of the consideration for the Acquisition;
- $12.5 million to fund future growth opportunities; and
- $2.5 million to pay transaction advisory fees, costs and expenses arising in connection with the Offer.

Details of the pro forma adjustments made to the statutory historical balance sheet of the DN8 Group as at 30 June 2016 are set out in the notes to Table 6 above. The Pro Forma Historical Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's future financial position.

(b) Indebtedness

The DN8 Group has no outstanding loans or banking facilities as of 30 June 2016. Business operations were mainly sustained through cash generated from operations and cash infusion from related parties in the form of short-term advances.

(c) Liquidity and Capital Resources

Following completion of the Offer and Acquisition, the DN8 Group's principal sources of funds will be cash generated from operations and cash proceeds from the Offer.

The DN8 Group expects that it will have sufficient funds available from the cash proceeds from the Offer, in addition to the cash and cash equivalents available from its ongoing operations, to meet its stated business objectives and achieve financial performance consistent with the Forecast Financial Information.

(d) Contractual obligations, commitments and contingent liabilities

Table 7 below sets out DN8 Group's statutory obligations and commitments as at 30 June 2016.

Table 7: Statutory contractual obligations and commitments

As at 30 June 2016 $ Millions	**NOTE**	**1 year**	**2 - 5 years**	**TOTAL**
Operating lease commitments	1	0.5	1.0	1.5

Notes:

1. Pertains to contracted amounts for office premises under non-cancellable operating leases. Contractual escalation clauses have been factored into the commitments disclosed.

4.5 Historical and Forecast Cash Flows

(a) Summary Pro Forma Historical and Forecast Cash Generated from Operations

Set out in Table 8 below is a summary of DN8 Group's pro forma Statutory Historical Cash Flows for FY2014, FY2015 and FY2016 and forecast Cash Flows for FY2017.

Table 8: Non-IFRS | Summary Pro Forma Historical and Forecast Cash Generated from Operations

	Pro forma historical			**Forecast**
$ MILLION	FY2014	FY2015	FY2016	FY2017
Statutory cash flow from operating activities	**2.4**	**4.5**	**1.5**	**11.8**
Advances to related parties[1]	1.4	1.4	9.1	-
Cash generated from operating activities	**3.8**	**5.9**	**10.6**	**11.8**
Capital expenditure	(1.3)	(1.8)	(0.8)	(1.4)
Gain from accident settlement[2]	-	-	(0.4)	-
Cash Generated from Operations	**2.5**	**4.1**	**9.4**	**10.4**

Notes:

1. Advances to related parties are added back as they do not relate to cash flow from operations.

2. Gain from accident settlement is the only pro forma adjustment made against Cash Generated from Operations.

04

HISTORICAL AND FORECAST FINANCIAL INFORMATION

4.6 Management Discussion and Analysis of the Historical Financial Information

(a) General Factors Affecting the Operating Results

This section explains the main factors that affected DN8 Group's operations and relative financial performance in FY2014, FY2015 and FY2016 and that the DN8 Group expects may continue to affect future operations.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected DN8 Group's historical operating and financial performance or all matters that may affect its operations and financial performance in the future.

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in the Prospectus.

(b) Revenue

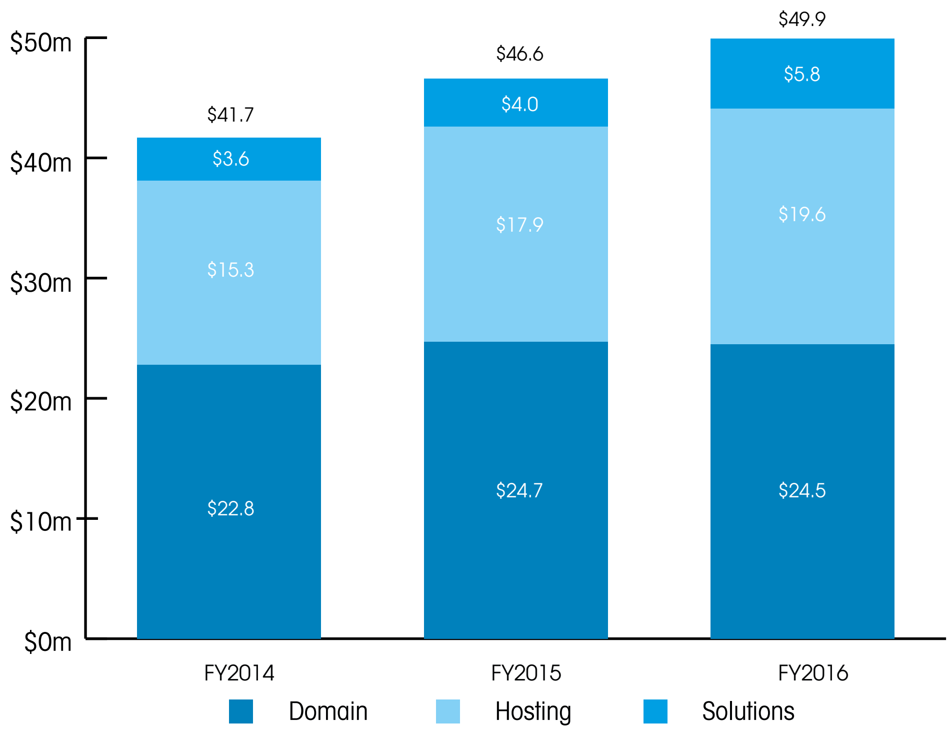
The DN8 Group generates Bookings from fees paid by its customers, with cash generally paid in advance, for products and services sold which is classified into three key pillars as discussed extensively in Section 3 being Domain, Hosting and Solutions.

The DN8 Group recognises revenue when the amount of revenue can be reliably measured, the DN8 Group has transferred to the buyer the significant risks and rewards of ownership of the solution and it is probable that the future economic benefits will flow to the DN8 Group. Revenue is recognised on a time proportion basis for the period to which it relates. Where revenue is received in advance, the revenue is deferred and disclosed as a current or non-current liability in the consolidated statement of financial position, depending on the period to which it relates.

With reference to the discussion in Section 4.2(d), the DN8 Group believes that Bookings better reflects the sales transaction made in a particular period compared to Revenue.

The Graphs below show the Bookings for each financial year, broken down between the three key pillars.

Graph 1: Bookings per Pillar



The DN8 Group managed to increase Bookings each year with Bookings increasing 20% since FY2014. This growth in Bookings has been achieved with no external borrowings or new capital.

Domains is the largest pillar reflecting the origins of the business as a cut price domain provider and reflects Domains as the key on-ramp for a business to establish an online presence.

Domain Bookings have been maintained through improved technical support and customer care even though there has been a notable reduction in direct marketing spend in the Domain pillar. This reduction in direct Domain marketing spend was part of an overall transition of the business from a cut price domain provider to a more sustainable business as an online solutions provider with premium customer service that focuses on retaining and attracting quality customers. As a result, the business enjoys strong annuity style income from the renewal bookings of satisfied customers and strong brand equity in attracting new quality customers.

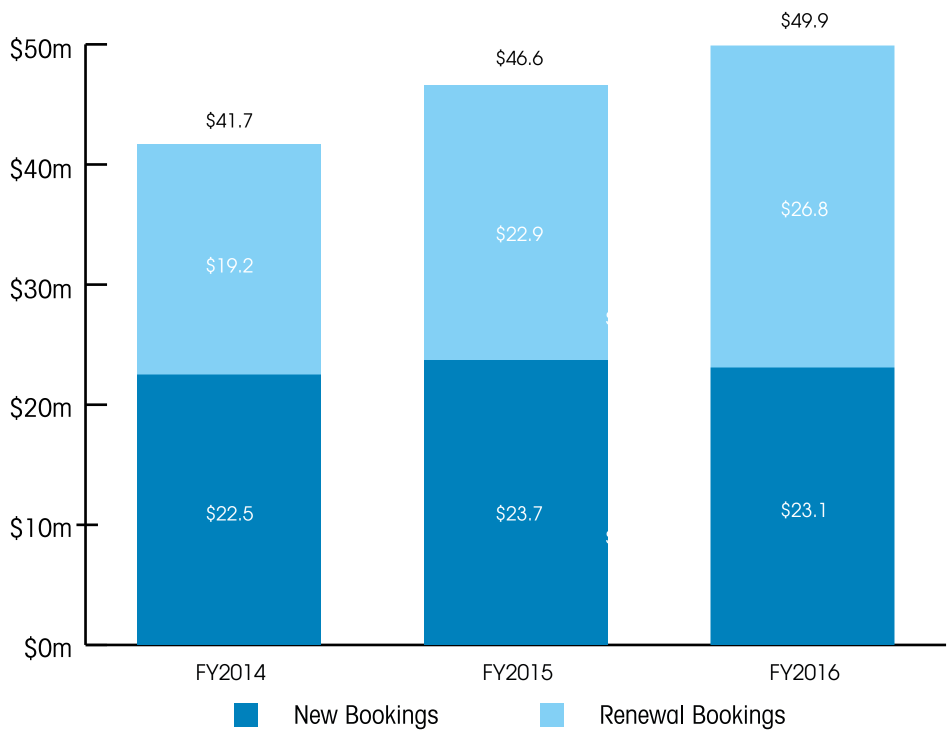
The business has continued investment in new and improved hosting infrastructure scalable for growth and along with a focus on retaining and attracting quality customers has seen Hosting grow 28% since FY2014.

The Solutions pillar has grown 61% since FY2014 reflecting the evolution of the business from a cut price domain provider to an affordable online solutions provider with premium customer service.

The Hosting and Solutions pillars have also benefited from the establishment of a dedicated BDS team in July 2015 which has seen improvements in renewal rates and the up-selling and cross-selling into the existing customer base.

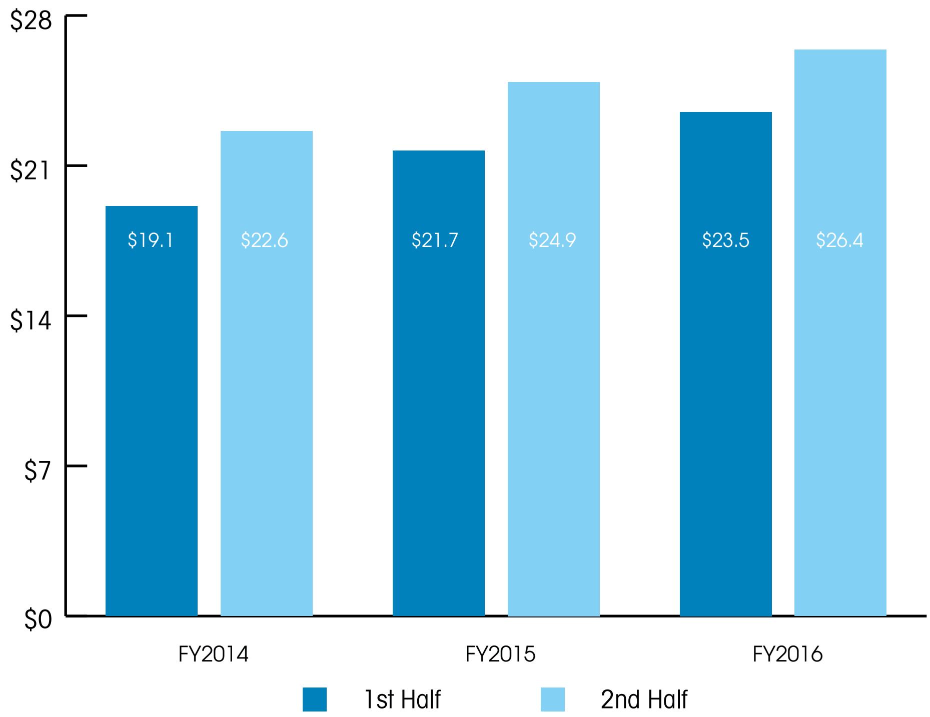
With the improvements in customer care and the introduction of the BDS team, the business has seen an increase in the annuity style Bookings and improved Bookings predictability. As seen in the following graph, renewal Bookings have increased 40% since FY2014 and now comprise 54% of annual Bookings up from 46% in FY2014.

Graph 2: Bookings | New vs Renewal



The following graph illustrates the Bookings' performance during the 1st half and 2nd half of each year reflecting a consistent cycle and upward trend each year.

Graph 3: Bookings | 1st Half vs 2nd Half



With the improved customer care focus and dedicated BDS team, the DN8 Group is well positioned to grow new Bookings in all pillars through the six prioritised areas of growth:

- Marketing
  - targeted marketing within its current markets to underserved segments such as SMBs;
  - to the existing Active Members for up-selling and cross-selling of new and existing products that enhance their online experience of business efficiency; and
  - to increase the number of Active Members within the 1.5 million Total Member base;
- Acquisitions - acquisitions of complementary businesses and products;
- BDS Team - further training and development of the new in-house sales team for up-selling, cross-selling and new product marketing;
- Technical Support and Customer Care - maintain high levels of customer care to increase retention, renewals and word of mouth referrals;
- Product Development - accelerate development of new and refreshed products for sale to subscribers; and
- International expansion – focus on higher growth markets in particular English speaking Asian countries.

For further information on each of these areas of growth, refer to Section 3.

(c) Direct Costs

Direct costs represent the corresponding costs of the Domain, Hosting and Solutions products and services sold.

Following the concept applied for Revenue, the DN8 Group believes that Adjusted Direct Cost as a non-IFRS measure better reflects the related cost incurred in generating the Bookings at the particular period as opposed to direct cost.

As an accredited Registrar for 459 TLDs the cost of providing a domain to our customers is set by the wholesaler / reseller of the relevant TLD. These wholesalers and resellers are governed by a variety of regulatory requirements, including those of the industry regulators ICANN and .auDA.

The primary Bookings contributor to the Hosting pillar is Web Hosting. With the business predominantly operating a shared hosting platform where multiple websites are hosted on a single server the cost is relatively fixed. By balancing customer numbers along with the resources of each server, we aim to achieve maximum ROI on servers without sacrificing speed, reliability and security to the website and its end users.

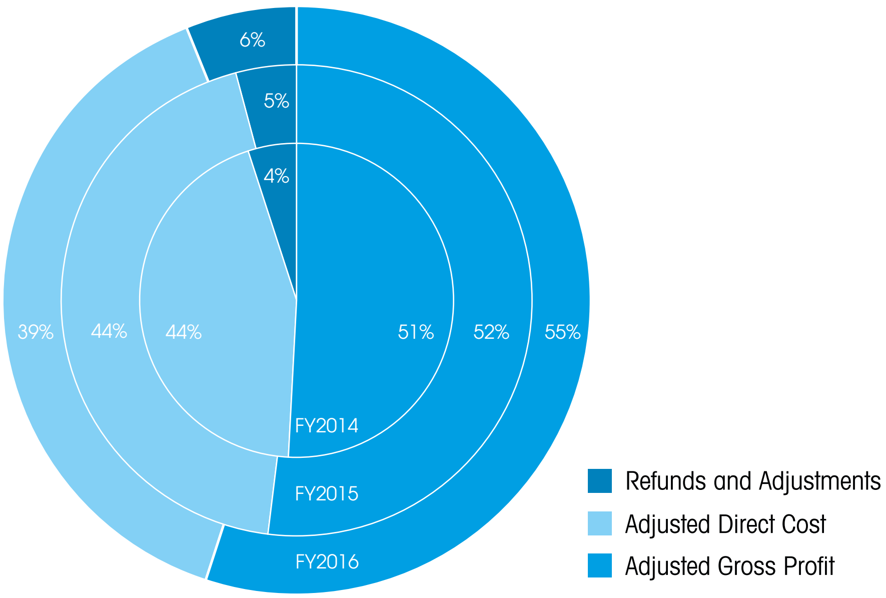
The Solutions pillar includes a variety of products and services developed in-house as well as sourced from third parties to help our customers operate and grow their business online.

A significant contributor to the Solutions pillar is Website Builder, a third party product sourced to help our customers build, maintain and grow their own website starting from a template and using the intuitive and easy to use platform to customise the website to their preference.

The Group has in-house capability to develop products through its 117 design and engineering personnel that are spread across the three offices of Perth, Kiev and Cebu. Examples of in-house products include Traffic Booster and Email Marketing. The DN8 Group does not capitalise its product development in the balance sheet but instead has a conservative accounting treatment of expensing its personnel costs as part of the Cost of Doing Business.

Over the past three years the DN8 Group has been able to improve its Adjusted Gross Profit as evidenced in Table 5(b) and shown in the following graph. Through a cost conscious approach to third party sourced products together with selling higher margin products in the Hosting and Solutions pillar utilising the recently established BDS team, the DN8 Group has been able to improve its Adjusted Gross Profit and position itself for further improvement.

Graph 4: Adjusted Gross Profit as a Percentage of Bookings



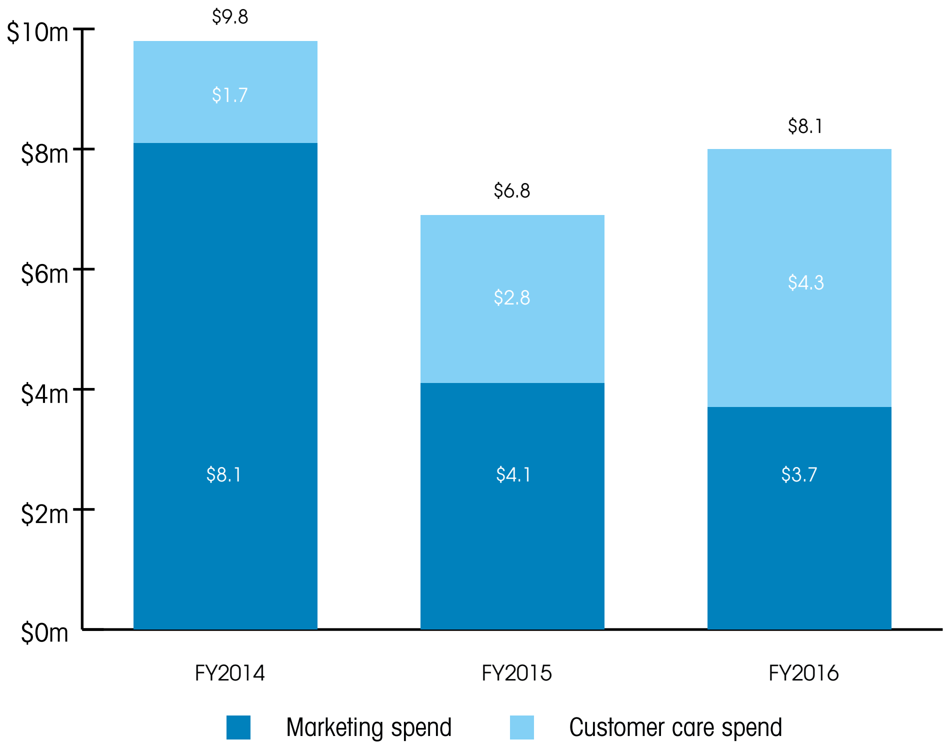
(d) Cost of Doing Business

This area represents the operating expenses incurred by the DN8 Group in conducting its business being salaries and employee benefits, advertising and marketing expenses, and general and administrative expenses.

Personnel cost includes salaries and employee benefits. These costs have increased over the last three years with the improvements in customer care and the establishment of a BDS team. In recent times the business has also seen the corporatisation of the business as it prepares for the IPO and further growth opportunities.

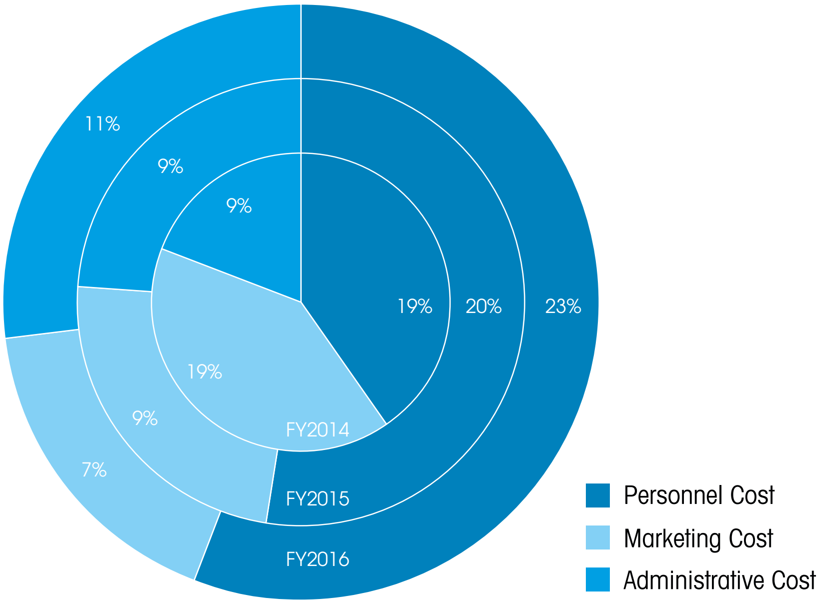
Marketing cost comprises all expenses incurred in promoting the Group's products, which include TV, other media advertisements, and other marketing campaigns. As set out in Section 2.11.3, the business historically grew through aggressive marketing strategy aimed at generating significant new customer growth and creating brand awareness. This not considered sustainable and as such, the Group commenced a process of shifting the business from aggressive marketing to optimising its marketing efforts and allocating the spend towards improvement in customer care and infrastructure. This is evident in the following graph.

Graph 5: Marketing Spend vs Customer Care Spend



Administrative costs relate to ancillary expenses incurred in running the business, which consist of merchant commission fees, occupancy costs, communication costs and other non-core operational expenses.

Graph 6: Cost of Doing Business as a Percentage of Bookings



(e) Adjusted Working Capital

The DN8 Group's adjusted working capital comprises cash, current trade and other receivables, prepayments and other deposits, and current trade and other payables, accrued expenses, and other current liabilities.

The Adjusted Working Capital is typically in a positive position. The current portion of deferred revenue was adjusted in the computation of working capital as the DN8 Group does not see it as a short-term financial liability that needs to be funded out of the current assets. Deferred revenue represents net income in advance being the net amounts received from sales less amounts paid for cost of sales. As this does not represent a normal financial liability which falls due nor to be funded through working capital, the current portion of deferred revenue is added back in the computation of working capital of the DN8 Group. Advances to related parties which are included in current assets are adjusted as they do not represent an operational financial asset. This is deducted in the computation of working capital.

The working capital is driven by the strong Bookings from sales of product subscriptions and their renewals, including domain name registrations, hosting and solutions particularly as we typically collect payment from these sources in advance at the time of sale.

Table 9 sets out the pro forma historical adjusted working capital from FY2014 to FY2016 and pro forma forecast adjusted working capital for FY2017.

Table 9: Proforma Historical Adjusted Working Capital from FY2014 to FY2016 and Proforma Forecast Adjusted Working Capital for FY2017

JUNE YEAR END		Historical			Forecast
$ MILLION	Note	FY2014	FY2015	FY2016	FY2017
Current assets		6.1	13.5	20.0	29.4
Current liabilities		(16.6)	(19.4)	(20.5)	(28.3)
Working capital		**(10.5)**	**(5.9)**	**(0.5)**	**1.1**
Deferred revenue – current	1	13.6	15.1	17.0	22.6
Advances to related parties	2	(0.7)	(2.1)	(11.2)	-
Adjusted working capital		**2.4**	**7.1**	**5.3**	**23.7**

Notes:

1. Deferred revenue represents the net amounts received from sales less amounts paid for cost of sales, deferred over the contract term. As this does not represent a financial liability which falls due nor funded through working capital, the current portion of deferred revenue is added back in the computation of adjusted working capital.
2. Advances to related parties are not considered to represent an operational financial asset.

(f) Pro Forma Historical Results: FY2015 compared to FY2014

Table 10 sets out the summary pro forma historical results for FY2015 and FY2014, based on IFRS and non-IFRS figures. The analysis discussed after the tables will focus on non-IFRS results, as it better reflects how the operations compared year-on-year.

Table 10(a): IFRS | Selected Pro Forma Historical Results: FY2015 compared to FY2014

$ MILLION	FY2014	FY2015	CHANGE V$	CHANGE V%
Gross revenue	30.7	40.9	10.2	33%
Refunds and adjustments	(1.8)	(2.3)	(0.5)	(28%)
Revenue	**28.9**	**38.6**	**9.7**	**34%**
Direct Costs	(14.8)	(18.2)	(3.4)	(23%)
Gross Profit	**14.1**	**20.4**	**6.3**	**45%**
Cost of Doing Business:				
Salaries and employee benefits	(7.4)	(8.8)	(1.4)	(19%)
Advertising and marketing expenses	(8.1)	(4.1)	4.0	49%
General and administrative expenses	(3.9)	(4.3)	(0.4)	(10%)
Others	(0.8)	(0.8)	-	-
EBITDA	**(6.1)**	**2.4**	**8.5**	**139%**
NPAT	**(5.1)**	**0.8**	**5.9**	**116%**

Table 10(b): Non-IFRS | Selected Pro Forma Historical Results: FY2015 compared to FY2014

$ MILLION	FY2014	FY2015	CHANGE V$	CHANGE V%
Gross revenue	30.7	40.9	10.2	33%
Deferred revenue adjustment	11.0	5.7	(5.3)	(48%)
Bookings	**41.7**	**46.6**	**4.9**	**12%**
Refunds and adjustments	(1.8)	(2.3)	(0.5)	(28%)
Adjusted Revenue	**39.9**	**44.3**	**4.4**	**11%**
Direct costs	(14.8)	(18.2)	(3.4)	(23%)
Deferred cost adjustment	(3.7)	(2.1)	1.6	43%
Adjusted Direct Cost	**(18.5)**	**(20.3)**	**(1.8)**	**(10%)**
Adjusted Gross Profit	**21.4**	**24.0**	**2.6**	**12%**
Cost of Doing Business:				
Salaries and employee benefits	(6.3)	(7.7)	(1.4)	(22%)
Advertising and marketing expenses	(8.1)	(4.1)	4.0	49%
General and administrative expenses	(3.9)	(4.3)	(0.4)	(10%)
Others	(0.8)	(0.8)	-	-
Adjusted EBITDA	**2.3**	**7.1**	**4.8**	**209%**

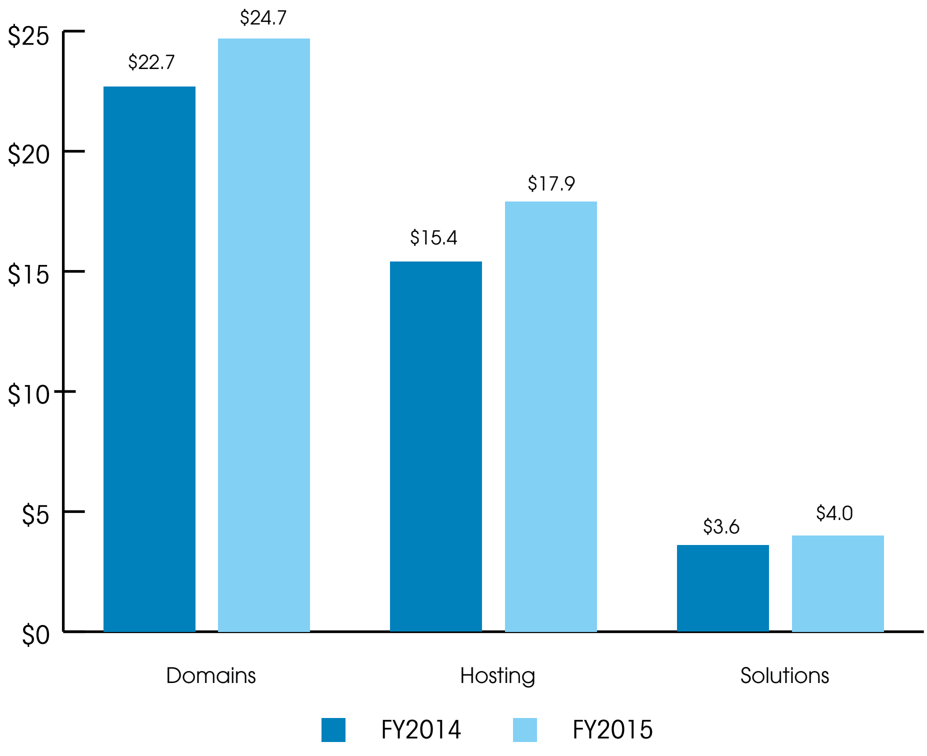
Bookings

Bookings had increased by $4.9 million (12%) due to the following:

- Domains: ($2.0 million), coming from new TLDs introduced during the year and overall uplift in sales price;
- Hosting: ($2.5 million), through increased sales volume in DNS and web hosting as well as a price increase in email hosting;
- Solutions: ($0.4 million), relates to increased sales volume, particularly for newsletter and traffic booster products; and,
- Refunds and adjustments ($0.5), represents normal increase following the overall increase in Bookings.

The graph below illustrates the comparison of Bookings per pillar between FY2014 and FY2015.

Graph 7: Bookings: FY2014 vs FY2015



Adjusted Direct Cost

Adjusted direct cost increased by $1.8 million (10%), which is predominantly associated with the volume increase in Domain sales. The migration to a new website builder platform resulted in an uplift in Solutions' cost in FY2015.

Cost of Doing Business:

Salaries and employee benefits increased, with the growth in Cebu and Kiev offices.

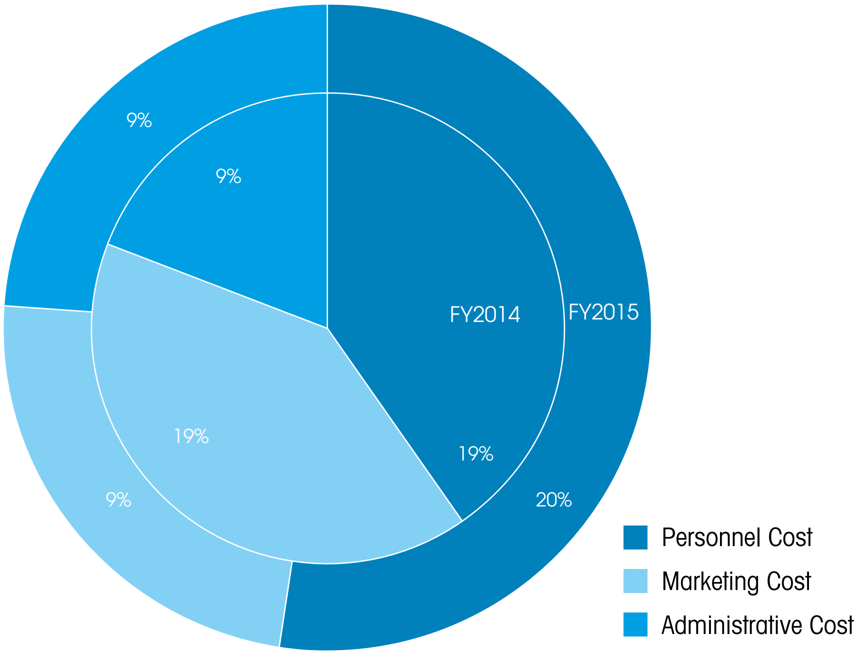
- Customer care specialists increased during the year, with the Group having approximately 250 employees at June 2015; and,
- Additional IT personnel joining Kiev office, to support the increasing work demands.

Following the major campaigns in FY2014, the Group commenced the transition to a more sustainable business by shifting from aggressive marketing to optimising its marketing efforts and redirecting the spend towards improvement in customer care and infrastructure.

General and administrative expenses increased, which predominantly related to merchant commission fees associated with increased Bookings and rental payments for additional leased premises for the Cebu office and the new office space in Kiev.

The graph below shows the comparison of Cost of Doing Business between FY2014 and FY2015, as a percentage of Bookings.

Graph 8: Cost of Doing Business: FY2014 vs FY2015



Adjusted EBITDA

Adjusted EBITDA increased by $4.8 million (209%), as a result of increased Hosting Bookings, which have a higher margin, as well as a realignment of marketing spend to customer care spend which also saw renewal Bookings increase.

Depreciation and amortisation

Depreciation and amortisation increased, with the completion of the office fit-out and purchase of equipment in the Cebu office.

(g) Pro Forma Historical Cash Generated from Operations: FY2015 compared to FY2014

Table 11 presents the summary pro forma historical Cash Generated from Operations for FY2015 and FY2014.

Table 11: Summary Pro Forma Historical Cash Generated from Operations: FY2015 compared to FY2014

$ MILLION	FY2014	FY2015	CHANGE V$	CHANGE V%
Statutory cash flow from operating activities	2.4	4.5	2.1	88%
Advances to related parties	1.4	1.4	-	-
Cash generated from operating activities	**3.8**	**5.9**	**2.1**	**55%**
Capital expenditure	(1.3)	(1.8)	(0.5)	(38%)
Cash Generated from Operations	**2.5**	**4.1**	**1.6**	**64%**

Cash generated from operating activities

Cash generated from operating activities increased in FY2015 on the back of increased Bookings for products and services with higher margins, in particular Hosting.

Capital expenditures

Cash spending on fixed assets increased by $0.5 million, with the fit-out of the new leased office space in Kiev and additional leased premises in Cebu.

(h) Pro Forma Historical Results: FY2016 compared to FY2015

Table 12 sets out the summary pro forma historical results for FY2016 and FY2015, based on IFRS and non-IFRS figures. The discussion below the tables is based on non-IFRS results, as this better reflects the operations year-on-year.

Table 12(a): IFRS | Selected Pro Forma Historical Results: FY2016 compared to FY2015

$ MILLION	FY2015	FY2016	CHANGE V$	CHANGE V%
Gross revenue	40.9	45.9	5.0	12%
Refunds and adjustments	(2.3)	(3.0)	(0.7)	(30%)
Revenue	**38.6**	**42.9**	**4.3**	**11%**
Direct Costs	(18.2)	(18.8)	(0.6)	(3%)
Gross Profit	**20.4**	**24.1**	**3.7**	**18%**
Cost of Doing Business:				
Salaries and employee benefits	(8.8)	(11.2)	(2.4)	(27%)
Advertising and marketing expenses	(4.1)	(3.7)	0.4	10%
General and administrative expenses	(4.3)	(5.3)	(1.0)	(23%)
Others	(0.8)	(0.4)	0.4	50%
EBITDA	**2.4**	**3.5**	**1.1**	**46%**
NPAT	**0.8**	**1.1**	**0.3**	**38%**

Table 12(b): Non-IFRS | Selected Pro Forma Historical Results: FY2016 compared to FY2015

$ MILLION	FY2015	FY2016	CHANGE V$	CHANGE V%
Gross revenue	40.9	45.9	5.0	12%
Deferred revenue adjustment	5.7	4.0	(1.7)	(30%)
Bookings	**46.6**	**49.9**	**3.3**	**7%**
Refunds and adjustments	(2.3)	(3.0)	(0.7)	(30%)
Adjusted Revenue	**44.3**	**46.9**	**2.6**	**6%**
Direct Costs	(18.2)	(18.8)	(0.6)	(3%)
Deferred cost adjustment	(2.1)	(0.7)	1.4	67%
Adjusted Direct Cost	(20.3)	(19.5)	0.8	4%
Adjusted Gross Profit	24.0	27.4	3.4	14%
Cost of Doing Business:				
Salaries and employee benefits	(7.7)	(10.1)	(2.4)	(31%)
Advertising and marketing expenses	(4.1)	(3.7)	0.4	10%
General and administrative expenses	(4.3)	(5.3)	(1.0)	(23%)
Others	(0.8)	(0.4)	0.4	50%
Adjusted EBITDA	**7.1**	**7.9**	**0.8**	**11%**

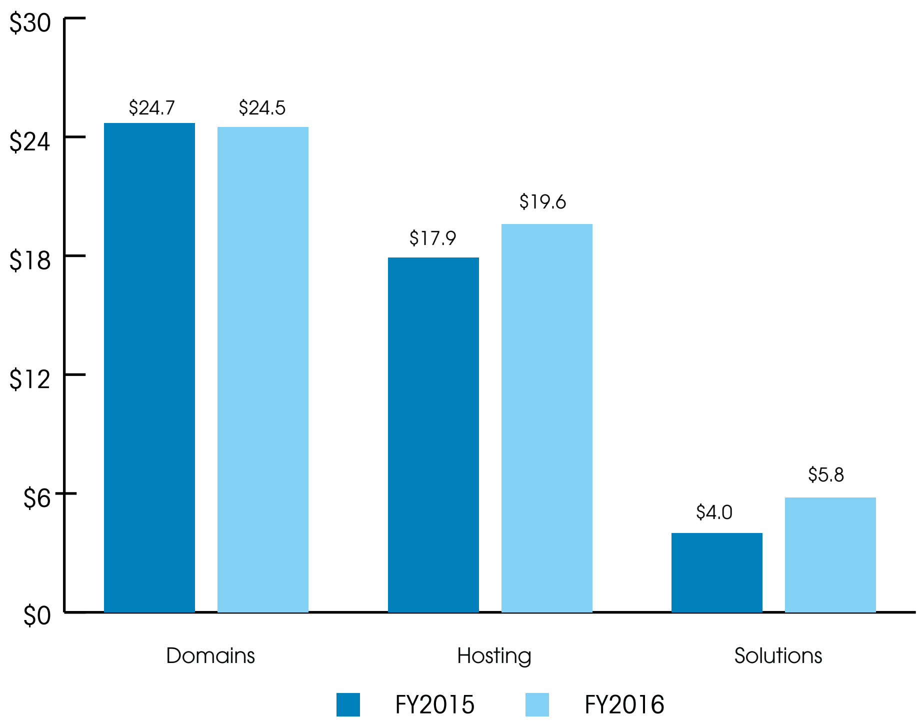
Bookings

Bookings increased by $3.3 million (7%), as a result of the following:

- Domain: (-$0.2 million), Bookings were maintained through improved customer care despite reduced direct marketing spend in the Domain pillar. The Company repositioned itself as an affordable online solutions provider with premium service as evident from the increases in hosting and solutions pillars.
- Hosting: ($1.7 million), increased as a result of the continued investment in new and improved infrastructure along with the establishment of a BDS team that saw the business focus on retaining and attracting quality customers.
- Solutions: ($1.8 million), increased along with the repositioning of the overall business to an affordable online solutions provider with premium service. The introduction of online Packages bundled for SMBs also increased Bookings in the Solutions pillar.

The graph below illustrates the comparison of Bookings per pillar between FY2015 and FY2016.

Graph 9: Bookings: FY2015 vs FY2016



Adjusted Direct Cost

Adjusted Direct Cost reduced by $0.8 million (4%) year-on-year. The reduction coincides with the shift in Bookings towards higher margin products with lower and consistent costs in Hosting and Solutions pillars.

Cost of Doing Business:

Salaries and employee benefits increased, as a result of:

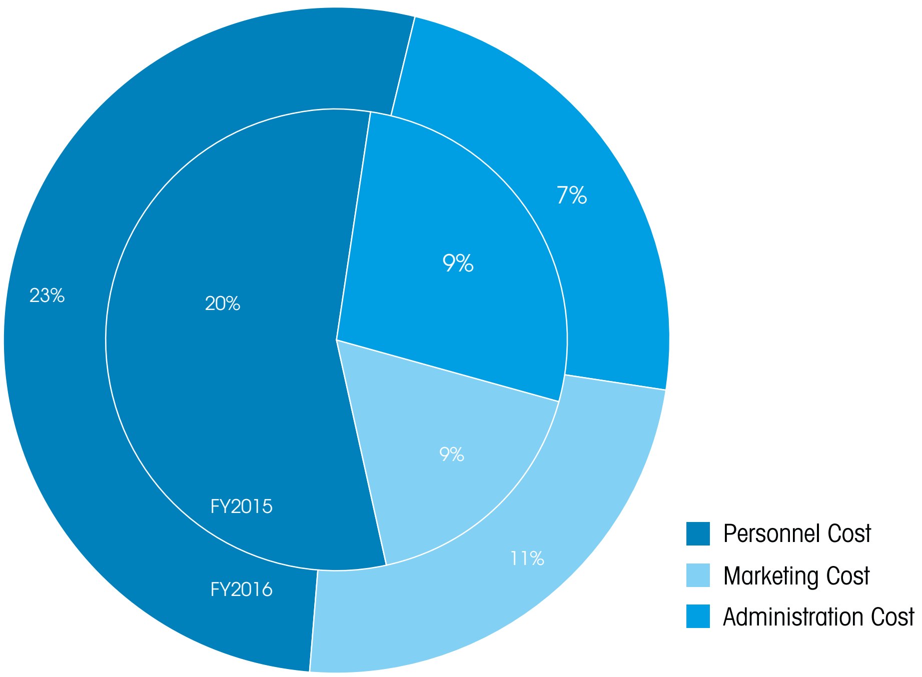
- the corporatisation of the DN8 Group ahead of a potential IPO and the continuous focus on customer care with increases in the technical support and customer service team in the Cebu office; and
- additional IT personnel joined the Kiev office, to align with the growth in business operations and potential expansion.

Marketing costs were maintained and continued to balance with the customer care spending.

General and administrative expenses increased with the corresponding effect on merchant commission fees from increased Bookings, an increase in communication costs with the additional customer care professionals, and increase in rental charges with the additional space leased for the Dubai office.

The graph below depicts the Cost of Doing Business for FY2015 and FY2016, as a percentage of Bookings.

Graph 10: Cost of Doing Business: FY2015 vs FY2016



Adjusted EBITDA

Adjusted EBITDA continued to increase, with the shift towards the higher margin pillars of Hosting and Solutions.

Depreciation and amortisation

Depreciation and amortisation increased, attributable to completing the office fit-out for the Cebu and Kiev offices and the full year effect of the previous year's capital expenditures.

(i) Pro Forma Historical Cash Generated from Operations: FY2016 compared to FY2015

Table 13 presents the summary pro forma historical Cash Generated from Operations for FY2016 and FY2015.

Table 13: Summary Pro Forma Historical Cash Generated from Operations: FY2016 compared to FY2015

$ MILLION	FY2015	FY2016	CHANGE V$	CHANGE V%
Statutory cash flow from operating activities	4.5	1.5	(3.0)	(67%)
Advances to related parties	1.4	9.1	7.7	550%
Cash generated from operating activities	**5.9**	**10.6**	**4.7**	**80%**
Capital expenditure	(1.8)	(0.8)	1.0	56%
Gain from accident settlement	-	(0.4)	(0.4)	n/a
Cash Generated from Operations	**4.1**	**9.4**	**5.3**	**129%**

Cash generated from operating activities

Cash generated from operating activities increased in FY2016 on the back of increased Bookings for products and services with higher margins, in particular Hosting and Solutions.

Capital expenditures

Capital acquisitions in FY2016 were predominantly for additional office furniture and computer equipment for new employees of the Cebu and Kiev offices.

4.7 Forecast Financial Information

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by the DN8 Group, which are in accordance with IFRS and AAS and are disclosed in the Summary of Significant Accounting Policies in Section 10. It is assumed that there will be no changes to IFRS, AAS, the Corporations Act or other financial reporting requirements that may have a material effect on the DN8 Group's accounting policies during the forecast period.

The Forecast Financial Information is based on a number of various specific and general assumptions, including those set out below. In preparing the Forecast Financial Information, the DN8 Group has analysed historical performance and applied assumptions where appropriate in order to forecast future performance for FY2017. The DN8 Group believes it has prepared the Forecast Financial Information with due care and attention, and considers all assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus, including each of the general assumptions set out in Section 4.7(a).

The assumptions upon which the Forecast Financial Information is based are, by their nature, subject to significant uncertainties and contingent events, many of which are outside the control of DN8 Group and its Directors, and are not readily predictable. Accordingly, actual results are likely to vary from the forecasts and the variations may be materially positive or negative. It is not possible for the DN8 Group, its Directors, or any other person to give any assurance that the Forecast Financial Information or any other prospective statement contained in the Prospectus will be achieved.

The assumptions detailed below should be read in conjunction with the sensitivity analysis set out in Section 4.7(e), the risk factors set out in Section 5 and the Limited Assurance Investigating Accountant's Report on the Forecast Financial Information set out in Section 8.

(a) General Assumptions

In preparing the Forecast Financial Information the following general assumptions have been adopted for the forecast period:

- There are no significant changes in the competitive business environment in which DN8 Group operates;
- There are no significant deviations from current market expectations of economic conditions relevant to the industry in which we operate, including business confidence, consumer sentiment, economic growth, inflation and fiscal and taxation policies throughout the countries in which we operate;
- There are no significant changes in Commonwealth, state or territory Government legislation, tax legislation, regulatory legislation, regulatory requirements or Government policy that will have a material impact on any entity that is part of DN8 Group and on the balances reported and/or disclosures presented in the Forecast Financial Information;
- There are no material amendments to any significant agreement or arrangement relating to our business, nor any material change in licenses, license providers or registries relating to our business;
- There are no material contingent liabilities, legal claims or litigation (existing or otherwise) that impact the Forecast Financial Information;
- There are no material disruptions to the continuity of operations of the DN8 Group's services or other material changes in its business;
- There are no significant changes in IFRS, AAS, Corporations Act and other mandatory professional reporting requirements which will have a material impact on the preparation and presentation of the Forecast Financial Information;
- There are no material changes in foreign currency exchange rates, particularly as they relate to the Australian dollar; and
- None of the key risks identified occur, otherwise, the adverse impact of those risks are not material to the operations of the DN8 Group.

(b) Specific Assumptions

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, we have analysed historical performance including the current rates of revenue and expenses and applied assumptions, where appropriate, across the business.

Group Assumptions

The Forecast Financial Information is based on the following assumptions:

- The forecast for FY2017 comprises the forecast amounts for the twelve-month period from 1 July 2016 to 30 June 2017;
- The forecast comprises the results of entities listed below, which are forecast to be part of the DN8 Group for the year ending 30 June 2017:

Entity Name	Entity Type	Entity Location
Dreamscape Networks Limited	Parent	Australia
Pandora Enterprise Holdings Ltd.	Subsidiary	British Virgin Islands
Dreamscape Networks FZ-LLC	Subsidiary	UAE
Dreamscape Networks (Australia) Pty Ltd	Subsidiary	Australia
Dreamscape Networks Inc.	Subsidiary	Philippines
Dreamscape Networks LLC	Subsidiary	Ukraine
Crazy Domains FZ-LLC	Subsidiary	UAE
Web Address Registration Pty Ltd	Subsidiary	Australia
Dreamscape Networks Pte. Ltd.	Subsidiary	Singapore
Dreamscape Networks Europe Limited	Subsidiary	Cyprus
Dreamscape Networks Limited	Subsidiary	Hong Kong
Dreamscape Networks Inc.	Subsidiary	USA
Crazy Domains Private Limited	Subsidiary	India
Dreamscape Networks (Thailand) Co. Ltd.	Subsidiary	Thailand

- The DN8 Group considers that its structure and ownership remains the same, with no changes taken into consideration, apart from the full ownership by Dreamscape Networks Limited of the group comprising Pandora Enterprise Holdings Ltd and its subsidiaries;
- There are no material changes in the key personnel, and the DN8 Group maintains its ability to recruit and retain the personnel required to support future growth;
- Apart from the Acquisition and Offer, there are no material acquisitions, disposals or restructurings, nor material changes in the operating model, capital structure or investments;
- The consolidated financial statements are prepared in accordance with the DN8 Group's accounting policies and are consistent with IFRS, AAS, Corporations Act and other mandatory professional reporting requirements;
- There are no material changes in foreign currency exchange rates, particularly as they relate to the Australian dollar. For transactions in FY2017 which are denominated in currencies other than AUD, an average exchange rate of 1AUD=0.7USD was used; and
- The assumptions used to derive the account balances and transaction amounts are based on the DN8 Group's plans and directives, historical information and current trends.

Revenue Assumptions

The Forecast Financial Information is based on the following key revenue assumptions:

- There are no material changes in revenue from historical performance month-per-month as compared to previous financial years. Monthly revenue for the FY2017 forecast reflects the seasonal pattern of revenue, based on the DN8 Group's past performance;
- General new customer growth is consistent with the new customer growth with reference to the historical information. Additional new customer acquisitions, in excess of the normal growth, are derived from the following sectors:
  - Domain customers from the AU market are assumed to increase, as a result of the planned year-round promotions for .au domains;
  - Domain customers from the NZ market are assumed to increase, with the planned campaigns and marketing efforts in effect;
  - Domain customers from the Asian market are assumed to increase as a result of an inaugural push into five English-speaking Asian countries (Hong Kong, Singapore, Indonesia, Malaysia and Philippines);
  - Domain customers from the UK and European market are assumed to increase, with the efforts to improve our presence and acquire additional market share in the UK/Europe region; and
  - Hosting and Solutions customers are expected to increase with the planned sales efforts to attract hosting customers from within our own customer database and in particular approximately 600,000 customers with domains hosted elsewhere;
- Increases in revenue from renewal customers reflect the continuous improved customer attrition rate, mainly as a result of excellent customer support services;
- A general price increase is assumed across the products and services for the year ending 30 June 2017, to cover any potential inflation rate;
- There are no significant financial impacts from the changes in currency mix in which we invoice our customers during the year ending 30 June 2017; and
- The amortisation pattern of Bookings to derive revenue for IFRS/AAS reporting purposes is consistent to previous periods.

Expense Assumptions

The Forecast Financial Information is based on the following key expense assumptions and allocated to the expense categories on a consistent basis with the Pro Forma Historical Results:

Direct costs

- Domain costs reflect the latest unit cost charged by registries as at June 2016, excluding any promotional credits and rebates, and applied to the volume of domain sales during FY2017.
- The amortisation pattern of domain cost for IFRS/AAS reporting is based on the existing expense pattern applied to existing historical cost information.
- Data centre costs are based on the latest charges incurred, with minimal increase for assumed growth in hosting sales. Data centre costs incurred in the previous period had excess capacity which can be utilised by the expected growth.
- Other hosting costs are limited to costs directly associated in providing the service and its value is based on the latest charges and adjusted for expected sales growth.
- Website Builder platform costs are expected to reduce with the migration to a new and improved platform in the second half of FY2017.
- Other solutions costs are based on the latest charges incurred, with minimal increase for assumed growth in solution sales.

Salaries and employee benefits

- Staff costs are based on the latest salaries as at June 2016, adjusted to consider the increase in headcount over the period necessary to support the planned increase in operations, and potential salary rate increases over the covered period. Existing employee incentive arrangements and sales commissions are still in effect.
- Equity based compensation has been based on the proposed issue of Performance Rights and Options as set out in Section 1.5. The valuation of the Performance Rights has been based on the price of the Offer. The valuation of the Options has been based on a Black & Scholes Option Pricing Model using the following assumptions - share price at grant date of $0.25; exercise prices of $0.25-$0.45; risk free interest rate of 1.53%; expiry dates of 30 June 2020 – 30 June 2022; and volatility rate of 25%. The value per Option is as follows:
  - Options exercisable at 25c on or before 30 June 2020: $0.05.
  - Options exercisable at 35c on or before 30 June 2021: $0.03.
  - Options exercisable at 45c on or before 30 June 2022: $0.02.

Advertising and marketing

- Advertising and marketing costs are assumed to increase in FY2017 with additional ATL spending in New Zealand and moving into the five English-speaking Asian countries.

General and administrative expense

- Rental charges incurred are based on contracted fees. Other facilities-related expenses reflect the latest amounts incurred, and are adjusted for expected cost inflation and assumed growth in operations.
- Communication expenses reflect the latest costs incurred, and take into account the effect of the increased operation of customer support service.
- Other administrative costs are set based on the most recent costs incurred, adjusted for any expected cost inflation.
- Public company costs include the assumed incremental annual cost that will be incurred as a listed public company. This also includes the estimated remuneration of key management officers and non-executive directors, additional audit and legal costs, listing fees, share registry fees and annual general meeting and annual report costs.

Depreciation and amortisation

- Depreciation was derived from existing property and equipment as at June 2016, and assumed capital acquisitions during the period. Assumed capital acquisitions are determined based on the expected need and anticipated retirement of existing fixed assets, necessary to carry out the planned operation. Depreciation charges are computed in accordance with the DN8 Group's accounting policy. No impairment is forecast to be recognised in relation to property and equipment.
- Amortisation was derived from existing software and other intangible assets as at June 2016, and the planned acquisitions during the period. Planned acquisitions are determined based on the expected need and anticipated retirement of existing assets, necessary to carry out the expected operation. Amortisation charges are calculated in accordance with DN8 Group's accounting policy. No impairment is forecast to be recognised in relation to other intangible assets.
- Goodwill valuation remains the same. No additional impairment loss, or reversal of previously recognised impairment losses is reflected during the forecast period.

Income tax

- Income tax is based on the corporate tax rate applicable to Australia and other relevant tax rate in jurisdictions in which the DN8 Group operates, with an expected increase due to the application of Controlled Foreign Company rules in Australia which is expected to arise from the acquisition of Dreamscape Networks by Dreamscape Networks Limited.

Other Assumptions

Changes in working capital

- This reflects the movement in trade and other receivables, prepayments and other deposits, trade and other payables, accrued expenses and other current liabilities. DN8 Group assumes that balances of these current assets and liabilities and the changes year-on-year would reflect the expected growth in operations. DN8 Group assumes that advance payments to registries will increase slightly more than the usual to provide buffer payments to registries to cover the expected increase in domain sales.

Capital expenditure

- This reflects the planned acquisition for property and equipment and other intangible assets, which is based on the expected need for growth in operations and anticipated retirement of existing fixed assets and other intangible assets.

(c) Pro Forma Forecast Results: FY2017 compared to FY2016

Table 14 sets out the summary pro forma forecast results for FY2017 and FY2016, based on IFRS and non-IFRS figures. The analysis discussed after the tables is based on non-IFRS results, as this better reflects how the operations compare year-on-year.

Table 14(a): IFRS | Summary Pro Forma Forecast Results: FY2017 compared to FY2016

$ MILLION	FY2016	FY2017	CHANGE V$	CHANGE V%
Gross revenue	45.9	49.0	3.1	7%
Refunds and adjustments	(3.0)	(2.7)	0.3	10%
Revenue	**42.9**	**46.3**	**3.4**	**8%**
Direct Costs	(18.8)	(20.3)	(1.5)	(8%)
Gross Profit	**24.1**	**26.0**	**1.9**	**8%**
Cost of Doing Business:				
Salaries and employee benefits	(11.2)	(12.4)	(1.2)	(11%)
Advertising and marketing expenses	(3.7)	(4.0)	(0.3)	(8%)
General and administrative expenses	(5.3)	(5.2)	0.1	2%
Others	(0.4)	-	0.4	100%
EBITDA	**3.5**	**4.4**	**0.9**	**26%**
NPAT	**1.1**	**2.1**	**1.0**	**91%**

Table 14(b): Non-IFRS | Summary Pro Forma Forecast Results: FY2017 compared to FY2016

$ MILLION	FY2016	FY2017	CHANGE V$	CHANGE V%
Gross revenue	45.9	49.0	3.1	7%
Deferred revenue adjustment	4.0	6.1	2.1	53%
Bookings	**49.9**	**55.1**	**5.2**	**10%**
Refunds and adjustments	(3.0)	(2.7)	0.3	10%
Adjusted Revenue	**46.9**	**52.4**	**5.5**	**12%**
Direct costs	(18.8)	(20.3)	(1.5)	(8%)
Deferred cost adjustment	(0.7)	(0.5)	0.2	29%
Adjusted Direct Cost	**(19.5)**	**(20.8)**	**(1.3)**	**(7%)**
Adjusted Gross Profit	**27.4**	**31.6**	**4.2**	**15%**
Cost of Doing Business:				
Salaries and employee benefits	(10.1)	(11.4)	(1.3)	(13%)
Advertising and marketing expenses	(3.7)	(4.0)	(0.3)	(8%)
General and administrative expenses	(5.3)	(5.2)	0.1	2%
Others	(0.4)	-	0.4	100%
Adjusted EBITDA	**7.9**	**11.0**	**3.1**	**39%**

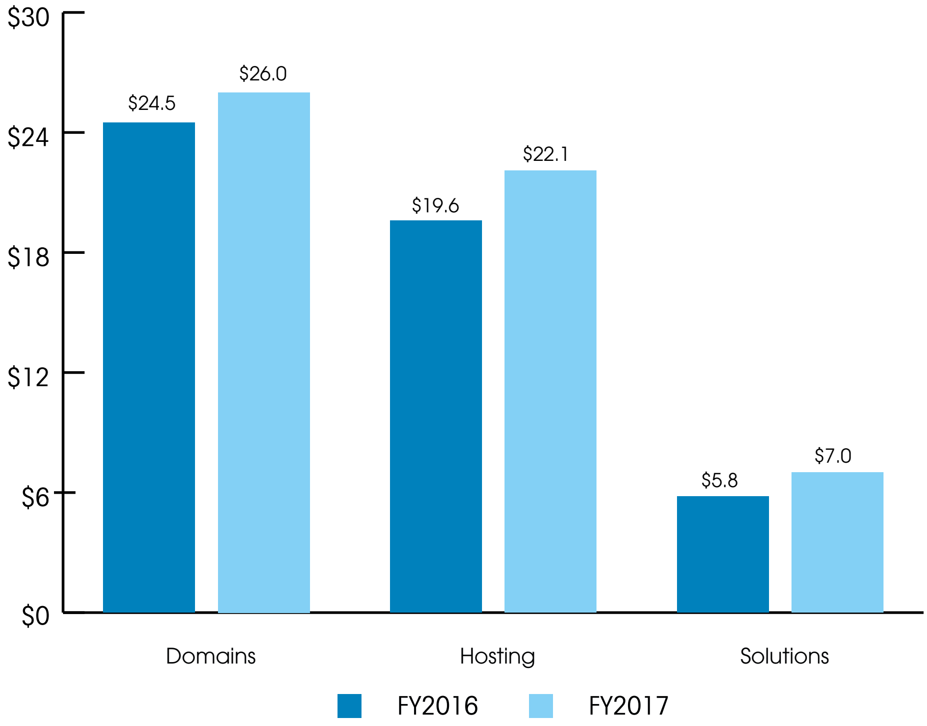
Bookings

Bookings are forecast to increase by $5.2 million (10%). Aside from a general price increase across products and services, the increase is expected to come from:

- Domains: ($1.5 million), increase from selected TLDs across five major English-speaking Asian countries and improved domain renewal given the excellent customer care support and after sales service;
- Hosting: ($2.5 million), as a result of the DN8 Group's previous investment in infrastructure and hosting services along with effective marketing campaigns to existing customers. The DN8 Group also intends to roll-out new hosting products that are expected to contribute to higher bookings under this pillar; and,
- Solutions: ($1.2 million), brought by extensive promotion through our in-house sales force. The DN8 Group also plans to refresh products, introduce new products and services, and create additional bundled products to further boost revenue.

The graph below shows the comparison of Bookings per pillar between FY2016 and FY2017.

Graph 11: Bookings: FY2016 vs FY2017



Adjusted Direct Cost

Adjusted Direct Cost shows an increase of $1.3 million (7%). A large portion of the increase relates to domain cost, which corresponds to domain volume sales growth. Hosting Bookings will continue to enjoy the higher margin, keeping the cost at the same level as last year. Solutions cost are forecast to reduce, with the shift to a new and improved Website Builder platform, as well as an improved platform for our customers.

Cost of Doing Business

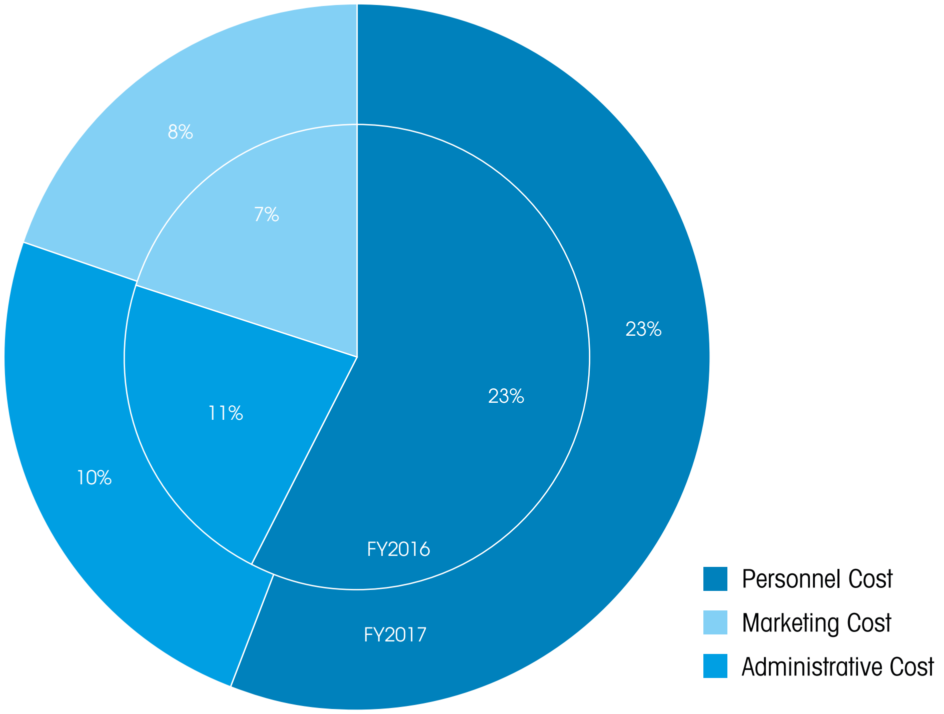
Salaries and employee benefits show an increase of $1.3 million (13%) as a result of:

- Full year effect of the corporatisation of DN8 Group; and,
- Continuous employment of customer care professionals and the increase in the sales team along with the commission incentives given to business development specialists.

Marketing expenses will remain at the same level as last year, focused on the advertising and marketing of domains and other higher margin products to selected English-speaking Asian countries as well as optimised campaigns to improve presence in other regions.

General and administrative expenses will increase, which reflects the effect of increased costs associated with a headcount increase and related use of facilities during the period.

Graph 12: Cost of Doing Business: FY2016 vs FY2017



Adjusted EBITDA

Adjusted EBITDA is forecast to increase by $3.1 million (39%), brought about by the significant increase in Bookings in higher margin products.

Depreciation and amortisation

Depreciation and amortisation is forecast to remain consistent, with no significant capital expenditures to be made during FY2017.

(d) Pro Forma Forecast Cash Generated from Operations: FY2017 compared to FY2016

Table 15 shows the summary pro forma historical Cash Generated from Operations for FY2017 and FY2016.

Table 15(a): Summary Pro Forma Forecast Cash Generated from Operations: FY2017 compared to FY2016

$ MILLION	FY2016	FY2017	CHANGE V$	CHANGE V%
Statutory cash flow from operating activities	1.5	11.8	10.3	687%
Advances to related parties	9.1	-	(9.1)	(100)%
Cash generated from operating activities	**10.6**	**11.8**	**1.2**	**11%**
Capital expenditure	(0.8)	(1.4)	(0.6)	(75)%
Gain from accident settlement	(0.4)	-	0.4	100%
Cash Generated from Operations	**9.4**	**10.4**	**1.0**	**11%**

Cash generated from operating activities

Cash generated from operating activities is forecast to increase in FY2017 with increased Bookings for products and services with higher margins, in particular Hosting and Solutions.

Capital expenditures

Capital expenditure acquisitions are forecast to increase with the renovation of the Dubai office and the purchase of data centre equipment in Perth.

(e) Sensitivity Analysis

The Forecast Financial Information included in Section 4.7 is based on a number of estimates and assumptions as described in Sections 4.7(a) and 4.7(b). These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the DN8 Group, the Directors and management. These estimates are based on assumptions with respect to future business decisions, which are subject to change.

Set out in Table 16 is a summary of the sensitivity of the Pro Forma Forecast Adjusted EBITDA to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown. For the purposes of the analysis, sensitivities have been presented in terms of the impact of each assumption on the FY2017 Pro Forma Forecast Adjusted EBITDA.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the Pro Forma Forecast Result, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or be additive, and it is likely that management would respond to any changes in one item to seek to minimise the net effect on the DN8 Group's Adjusted EBITDA and Cash Generated from Operations.

Table 16: Sensitivity Analysis on Non-IFRS Pro Forma Forecast Adjusted EBITDA for FY2017

Assumption	Account(s) Affected	Increase (Decrease)	Impact on FY2017 Adjusted EBITDA (in millions)
Sales price	Revenue / Bookings	+ / - 5%	+ / - $ 2.7
Cost margin	Direct Cost / Adjusted Direct Cost	+ / - 5%	+ / - $1.1
Foreign exchange	Direct Cost / Adjusted Direct Cost	+ / - 5%	+ / - $ 0.5
	Cost of Doing Business	+ / - 5%	+ / - $ 0.5

4.8 Dividend Policy

The Board does not intend to pay a dividend in respect of FY2016 or FY2017.

Any future payment of dividends by the Company is at the discretion of the Board and subject to a number of factors including future business conditions, future cash flow requirements of the DN8 Group, taxation considerations, contractual, legal or regulatory restrictions and other matters that the Board may consider relevant.

No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking of any such dividend in the future.

05

RISK FACTORS

5. RISK FACTORS

5.1 Introduction

An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the Company's existing and future business, operations, financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Company and Industry specific

Set out below are the key risks specific to an investment in the Company:

5.2.1 Failure to retain and attract customers and increase sales to new and existing customers

The underlying business depends on our ability to retain our existing customers and our growth depends on our ability to attract further business from existing customers and to attract new customers.

We generate a substantial portion of our revenue from domains and hosting products which are subscription based products and services. The rate at which new and existing customers purchase and renew subscriptions to our products and services depends on a number of factors, including those outside our control.

Although our total customers and revenue have grown rapidly in recent years, we cannot be assured that we will achieve similar growth rates in future years. In future years, our total customers and revenue could decline or grow more slowly than we expect. Our Bookings could fluctuate or decline as a result of: lower demand for domain names, hosting, website and related products; declines in our customers' level of satisfaction with our products and our customer care; the timeliness and success of product enhancements and introductions by us and those of our competitors; the pricing offered by us and our competitors; the frequency and severity of any system outages; and technological change.

Our revenue has grown historically in part to the sustained customer growth rates and strong renewal Bookings of subscriptions to our domain name registration and hosting products. Our future success depends in part on maintaining strong renewal Bookings. Our costs associated with renewal Bookings are lower than costs associated with generating revenue from new customers and costs associated with generating Bookings of additional products to existing customers. A reduction in renewals, even if offset by an increase in other revenue, would reduce our operating margins.

Any failure by the Company to continue to attract new customers or maintain strong renewal Bookings could have a material effect on our business, growth prospects and operating results.

In addition, we have expanded offering of products under our solutions pillar which if we were unable to increase sales of these additional products to new and existing customers would also harm our growth prospects.

5.2.2 We operate in a competitive industry

We face significant competition for our products in the domain name registration and web-hosting markets and other markets in which we operate, which we expect will continue to intensify and as a result it may affect our competitive position and market share.

Some of our existing and potential competitors have significantly more resources, more global brand recognition and consumer awareness, with more product offerings, greater international scope and larger customer bases globally than we do.

We face the risks that existing competitors could increase their competitive position through aggressive marketing campaigns, product innovation, price discounting or acquisitions. Conditions in our market could change significantly as a result of technological advancements and we may fail to anticipate and respond to these changes as quickly as our existing and potential competitors do. Our existing and potential competitors may establish relationships amongst themselves or with other third parties that may further enhance their ability to compete. The continued entry and amalgamations of competitors in the domain name registration and web hosting markets, may make it difficult for us to maintain our market position in our existing markets.

If any of these risks arise, we may compete less effectively against our competitors, and our business, growth prospects and operating results could be adversely affected.

5.2.3 Failure to protect or promote our brands

Our brands are integral to our success. If we fail to effectively protect or promote our brands, our business and competitive position may be harmed. Protecting and maintaining our brands effectively is important to our success, particularly as we seek to attract and retain new customers globally. We have invested, and expect to continue to invest, substantial resources to increase our brand awareness, both generally and in specific geographical regions and to specific customer groups, such as SMBs. We cannot provide assurance that our brand development strategies will enhance the recognition of our brand or lead to increased sales. There is a risk that our international branding efforts may prove unsuccessful due to cultural or language differences. If our efforts to effectively protect and promote our brand are not successful, our business, growth prospects and operating results could be adversely affected.

Our brand campaigns have historically included celebrities, provocative and 'crazy' themes, such as the Pamela Anderson campaign in 2009 which was controversial. During 2015, we began re-positioning our brand from a cut price domain name provider to a trusted online services provider with premium service, which came about from the need of our customers seeking help, assistance and guidance to achieving their online goals. There is a risk that we may not succeed in re-positioning our brand, or that by doing so we will grow our total customers, increase our Bookings or maintain our brand recognition. If we fail in these branding efforts, our business, growth prospects and operating results could be adversely affected.

Our reputation, and that of our brands, is a key component in retaining and attracting customers. As seen in the results from our surveys of new customers one of the key sources for promoting the brands and generating new sales is "word of mouth. Reputational damage could arise in a number of circumstances including deterioration in customer care service levels, breach of the law, litigation, information technology system breach or failure, failures of internal controls, improper conduct, and adverse media coverage. Reputational damage may result in loss of customers or failure to attract new customers and inability to attract and retain employees. If any of these occurs, our business, growth prospects and operating results could be adversely affected.

5.2.4 Reliance on our marketing efforts and channels to promote and acquire customers

We rely on our marketing efforts and channels to promote our brands and acquire new customers. These efforts may require significant expense in the future periods and may not be successful or cost effective and our business, growth prospects and operating results could be adversely affected.

We use of variety of marketing channels to promote our brands to generate traffic to our websites and to our business development specialists by phone or chat. Some of these channels include online keyword search, television and radio advertising, email and social media marketing. If we lose access to one or more of these channels, such as online keyword search, because the costs of advertising become prohibitively expensive or for other reasons, we may become unable to promote our brand effectively, which could limit our ability to grow our business. If our marketing efforts fail to generate traffic to our website, attract customers and lead to new and renewal sales of our subscriptions, our business, growth prospects and operating results could be adversely affected.

5.2.5 Failure to provide high-quality Customer Care

Our ability to increase Bookings for our products and services is also dependent on the quality of our customer care. A failure to provide high-quality customer care would have an adverse effect on our business, brand and operating results.

The majority of our current product and service offerings are for small to medium business who as seen in our own internal research often self-identify that it's too difficult, too time consuming, too expensive and/or they are just simply too busy running their own businesses to consider getting online. These businesses also identify themselves as having little to no technology skills and being labelled as non tech savvy customers. As a result, our customers rely on us to help them to create, establish and maintain a professional online presence along with all the necessary tools to securely promote and stay connected to their customers.

Notwithstanding our commitment to customer care, our customers will occasionally encounter interruptions in service and other technical challenges and it is therefore important that we are there to provide ongoing, best in world type service to help ensure our renewal rates remain high and assist with the cross-selling and up-selling of our products and services. Additionally, we are looking to expand into non-Australian markets. We must continue to refine our efforts in customer care so that we can adequately serve our small to medium business customers and those in the expanded geographical regions. Customer satisfaction is one of the key aspects to a sustainable and continued existence as the Australian industry domain brand market leader and the ability to grow into new markets.

In addition, from time to time, we may suspend a customer's domain name or hosting site when certain activity on their site breaches our terms and conditions (for example, expiry of domain name registration, potential fraudulent activities or phishing) or harms other customers' websites that may share the same resources. This may lead to customer dissatisfaction, and could have an adverse effect on our brand and business.

5.2.6 Failure to realise benefits from technology and product development costs

Developing new technology is complex, uncertain and often involves an extended period of time to achieve a final product and subsequently a ROI for the development. An important part of our business and growth strategy is to continue to make investments in innovation and related product opportunities. We believe that we must continue to dedicate resources to our innovation efforts to develop and improve our technology and product offerings to maintain our competitive position.

We believe that the websites for Crazy Domains and our other brands are a point of difference from a user viewpoint with its visually appealing, vibrant, easy to understand, easy to navigate and more importantly easy to purchase from. Considerable investment is made each year in developing the technology behind the websites to maximise our opportunities when customers and potential customers visit our websites. There is a risk that we do not realise the benefits from our technology developments or we may not receive significant sales from these investments for several years.

Part of our growth strategy is to improve our product suite and offerings to our customers. However, the markets in which we compete are characterised by constant change and innovation, which we expect to continue. There is a risk that we are not able to identify and anticipate our customers' needs and develop products that assist our customers with their online goals and we do not realise the benefits from these developments which could adversely impact our business, brand and operating results.

5.2.7 Disruption or failure of our network and technology systems

Our operations, and that of our customers, depend on the performance, reliability and availability of our network and technology systems (including technology platforms, data centres, servers, the internet, and hosting services to name a few).

There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, cyber-attacks, or other disruptions including natural disasters, power outages or other similar events. Despite our back-up systems, security protocols, network protection mechanisms and other procedures currently in place, or that may be in place in the future, our network and technology systems may be vulnerable to disruption or failure.

Certain of these events may be caused by events outside of our control, and may also lead to prolonged disruption to our technology systems resulting in operational or business delays which can also damage our reputation and brand.

Any actual or perceived disruption or failure could damage our reputation and brand, expose us to a risk of loss or litigation and possible liability, require us to expend significant capital and other resources to alleviate problems caused by the disruption or failure, and deter customers from using our products and services, any of which would harm our business, financial condition and operating results.

5.2.8 Reliance on third party technology suppliers

We rely on certain contracts with third party suppliers to maintain and support our technology infrastructure and products. In particular, we rely on contracts for the provision of data centres, network connectivity and network servers. If these contracts, or contracts with other key suppliers in the future, are terminated or suffer a disruption for any reason, our business, brand and operating results could be material adversely impacted.

5.2.9 Security breach and data privacy

If the security of the confidential information, personally identifiable information or proprietary information we maintain, including that of our customers and the visitors to our websites stored in our systems, is breached or otherwise subjected to unauthorised access, our reputation may be harmed, resulting in a loss of business, and we may be exposed to liability.

We take steps to protect the security, integrity and confidentiality of the personal information and other sensitive information that we collect, store or transmit. There is a risk that the measures we take may not be sufficient to detect or prevent unauthorised access to, or disclosure of, confidential, personal or proprietary information, and any of these events may cause significant disruption to our business and operations. This may also expose us to reputational damage, legal claims by customers, termination of contracts, regulatory scrutiny and fines, any of which could adversely impact our business, brand and operating results.

In addition, any security or data issues experienced by our partners, including payment card partners, could impact our customers' trust, which could have an adverse effect on our business, brand and operating results.

5.2.10 Ability to attract and retain key personnel

Our success is dependent upon the retention of key personnel, including the CEO including Mark Evans (CEO and Managing Director), Gavin Gibson (COO and Executive Director) and members of the senior management and technology teams. There is a risk we may not be able to attract and retain key personnel or be able to find effective replacements for them in a timely manner. The loss of such personnel, or any delay in their replacement, could adversely impact our ability to operate our business and achieve growth strategies, including the identification and pursuit of new opportunities, the expansion into new geographical markets, and the development and commercialisation of new products.

The loss of the services of key personnel could also have an adverse impact our business, brand and operating results.

5.2.11 Economic conditions

Unfavourable general economic conditions, such as recessionary or economic slowdown in Australia or in one or more of our other markets we propose to expand into, could adversely affect demand for our products and services.

Our customers are predominantly small to medium businesses whose business operations depend on regional and global economic conditions as they impact consumer and corporate confidence and spending, unemployment rates and economic stability.

There is a risk that a downturn in economic conditions could negatively impact our existing, and potentially new customers, thereby reducing their demand for our products, which could impact our business and operating results.

5.2.12 Reliance on our Domain Name Registration products

Domain Names (registrations, renewals and transfers) make up a large portion of our product orders and Bookings, contributing to 64% of orders and 43% of Bookings in FY2016.

Our business model depends on our ability to retain and attract customers for our Domain Name Registration products as it is the gateway product for obtaining a web presence. In a traditional buying process of a customer it usually comes before hosting and other business related solutions. As set out in our growth opportunities our intention is to scale up our sales team and utilize the significant opportunities to up-sell and cross-sell to our existing cleansed data base of some 1.5m customers as at 30 June 2016, with a majority being the important domain name registrants.

The domain name serves as a branded unique identifier not unlike a phone number, street address or email address. Historically internet users typically navigate to a website by directly typing the domain name they are looking for. There is a risk that evolving technologies and changes in customer behaviour like increasing use of mobile phones, smart phones and tablets for accessing internet may cause domain names to become less prominent with a resulting decline in their value over a period of time.

We rely on contracts and accreditations with various policy authorities and industry self-regulatory bodies, such as .au Domain Administration Ltd (auDA) and Internet Corporation for Assigned Names and Numbers (ICANN) to be accredited and operate as a domain name registrar. Our ability to offer domain name registration products is dependent on our ongoing relationship with, and accreditation by, auDA and ICANN and other similar policy and regulatory bodies in the various jurisdictions in which we operate, and may operate in the future.

The failure to maintain our Domain Names Registration business will adversely impact our business, brand, operating results and financial position.

5.2.13 International Bookings being increased

The future growth of our business depends, in a significant part, on increasing our international Bookings whether through expanding our operations into international markets and/or by acquiring business in international markets.

With a renewed focus into the United Kingdom; a recent launch into English speaking Asian countries of Singapore, Hong Kong, Indonesia, Malaysia and Philippines; and with an existing presence in India and New Zealand there is an expectation of an increase in international Bookings.

Our international expansion may be slow or unsuccessful to the extent that we experience difficulties with language skills and cultural competencies in those geographic markets we target. Despite our efforts localise and adapt our products and websites for specific countries there is a risk that our offerings of affordable online solutions may not suit, nor may our brand with its fun, vibrant look and feel be received in those countries.

In addition, the expansion of our existing international operations and entry into additional international markets has required and will continue to require significant management attention and financial resources. We may also face pressure to lower our prices in order to compete in emerging markets, which could adversely affect revenue derived from our international operations. These and other factors associated with our international operations could impair our growth prospects and adversely affect our business, operating results and financial condition.

5.2.14 Country / region specific risks in existing and/or unfamiliar markets

We have operations and offices in a number of overseas jurisdictions and are exposed to a range of different legal and regulatory regimes, including in new jurisdictions in which we may acquire businesses and/or in which we may expand our operations into, such as English Speaking Asian countries of Singapore, Hong Kong, Indonesia, Malaysia and the Philippines. As we expand our presence in new international jurisdictions we are subject to risks associated with doing business in regions that may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks.

In respect of existing regions, and as we enter newer and less familiar regions there is a risk that we fail to understand the laws, regulations and business customs of these regions. This may give rise to risks relating to foreign ownerships regulations, labour practices, tax regulation, difficulty in enforcing contracts, repatriation of profits, changes to or uncertainty in the relevant legal and regulatory regimes and other issues in foreign jurisdictions in which we may operate now or in the future.

In respect to our business there will be new risks to consider including laws regarding accreditation to provide in-country domain name registrations, online disclaimers, advertising, liability of online service providers for activities of customers especially with respect to hosted content and more stringent laws in foreign jurisdictions relating to consumer privacy and protection of data collected from individuals and other third parties.

This could interrupt or adversely impact parts of our business, including the potential growth opportunities, our brand and operating results.

5.2.15 Integration and transition of acquired businesses

We may in the future make acquisitions of businesses, or investments in companies, products and technologies that we believe will align with our growth strategy and complement our business.

In the future, we may not be able to find suitable acquisition candidates, and we may not be able to complete such acquisitions on favourable terms, if at all. If we do complete acquisitions, we may be unsuccessful in achieving the anticipated benefits of the acquisition and may fail to integrate the acquired business and operations, the products and technologies effectively. In addition, any future acquisitions we complete could be viewed negatively by our existing customers, investors and industry analysts. There is a risk that more financial and management resources, or time to complete, will be required than originally planned.

In addition, while we would undertake financial and business due diligence, the use of outside advisors and carry out other analysis in respect of acquisitions that we may make, there is a risk that our due diligence and analysis may be incomplete or inaccurate, and that the benefits and synergies we anticipate may not be realised.

There is a risk that future expansion by acquisition may be affected by factors beyond our control (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition opportunities at the relevant time.

Any of the above factors, either individually or in combination, may have an adverse impact on our business, brands and operating results.

5.2.16 Changes in taxation rules or their interpretation

We are subject to income taxes in various jurisdictions, such as Australia, United Arab Emirates, Philippines, Ukraine, and other transaction taxes in various foreign countries. Our future effective tax rates and transaction taxes could be subject to volatility or adversely affected by a number of factors.

Changes in tax law, including goods and services taxes in Australia and the current focus for governments to focus on addressing the tax challenges in the digital economy, or changes in the way taxation laws are interpreted may impact our tax liabilities. In particular, both the level and basis of taxation may change.

In addition, we may be subject to audits of our taxable income, sales and other transaction taxes by Australian and foreign tax authorities. Outcomes from these audits could have an adverse impact on our business, brand and operating results.

5.2.17 Foreign Exchange Risk

Our financial statements are presented in Australian dollar, being the functional currency for the Group. However, some of our sales and direct costs are denominated in other currencies, most notably United States dollars (USD). As a result, our revenues and costs are sensitive to movements in the exchange rate between USD and Australian Dollars (AUD). As we do not currently have formal hedging arrangements in place, foreign exchange rate movements, particularly USD related movements, could adversely impact our business and operating results. Even if we were to enter into formal hedging arrangements, there is no guarantee that the risk around foreign exchange rate movements would be altogether removed.

5.2.18 Risk of litigation, claims, disputes and regulatory investigations

We have offices, and have agreements or arrangements with employees, contractors, partners, customers, suppliers, and other entities or government agencies, in a number of jurisdictions around the world.

These arrangements and our activities in relation to them may be subject to local laws which differ from jurisdiction to jurisdiction. There is a risk we may be subject to litigation and other claims and disputes in the course of our business, including contractual disputes and indemnity claims, misleading and deceptive conduct claims, intellectual property disputes and employment related claims. There is also a risk we may be subject to regulatory investigations and sanctions or fines by governmental agencies in the event of non-compliance with relevant statutory and regulatory requirements. These may involve how we employ people (for example whether we appropriately characterise people as employees, contractors or private entrepreneurs and paid or withheld appropriate amounts of tax, or occupational health and safety type of investigations) or how we advertise our products, or in relation to licencing, registration or other compliance requirements.

Such litigation, claims, disputes or investigations, including the costs of settling claims or paying sanctions or fines, and any associated operational impacts, may be costly and damaging to our reputation, any of which could have an adverse impact on our business, brand or operating results.

5.2.19 Intellectual Property Rights

The value of our websites and products is dependent on our ability to protect our intellectual property, including business processes and know-how, copyrights and trademarks. There is a risk that we may be unable to detect the unauthorised use of our intellectual property rights in all instances. Further, actions we take to protect our intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of our intellectual property and proprietary information. Breach of our intellectual property may result in the need for us to commence legal action, such as infringement and administrative proceedings, which could be costly, time consuming and potentially difficult to enforce in certain jurisdictions and may ultimately prove unfavourable to us. Our failure to protect our intellectual property rights could have an adverse impact on our business, brand and operating results.

There is a risk that third parties may allege that our websites and products use intellectual property derived by them or from their products without their consent or permission. We may be the subject of claims which could result in disputes and litigation, which could result in the payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on our business, brand and operating results.

5.2.20 Future Government regulations and legal requirements

There is a risk that laws and regulations may be adopted globally with respect to our products, covering issues such as privacy, the content and quality of our products, activities of our customers, the content of our customers' websites, intellectual property rights, and information security which could limit our scope of activities. In addition, there is risk that we may fail to keep abreast of these potential changes.

Any new or altered laws or regulations which affect our business could require us to increase spending and employee resources on regulatory compliance and/or change our business practices, which could adversely impact our business, brand and operating results.

5.3 Investment and General Risk Factors

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

5.3.1 Price of Shares

Once we become a publicly listed company on the ASX, we will become subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in our share price that are not explained by our fundamental operations and activities.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if our earnings increase.

Some of the factors which may adversely impact the price of the Shares include fluctuations in the domestic and international market for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings, changes in legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which we operate and general operational and business risks.

5.3.2 Trading in Shares may not be liquid and controlled by Vendors

Prior to the Offer, there has been no public market in the Shares. Once the Shares are quoted on the ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any given time.

Following completion of the Acquisition and Offer, it is expected that the Vendors will hold up to 68.1% of the Shares, which may also impact on liquidity. The Vendors have entered into voluntary escrow arrangements in relation to all of their Shares as described in Section 6.6.1. The absence of any sale of Shares by these Vendors, (principally the founder and Mark Evans holding shares via a controlled entity may cause, or at least contribute to, limited liquidity in the market for the Shares). This could impact the prevailing market price at which Shareholders are able to sell their Shares. It is important to recognise that, on a disposal, Shareholders may receive a market price for their Shares that is less than the price that they paid under the Offer.

Following release from escrow, Shares held by the Vendors will be able to be freely traded on the ASX. A significant sale of Shares by the Vendors, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. The interests of the Vendors may be different from the interests of investors who acquire Shares in the Offer.

5.3.3 Shareholder dilution

In the future, we may elect to issue Shares or engage in capital raisings to facilitate employee share plans, fund acquisitions, or undertake other strategic initiatives. While we will be subject to the constraints of the ASX Listing Rules regarding the percentage of our capital that we are able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.

06 KEY PEOPLE, INTERESTS AND BENEFITS

For personal use only

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KEY PEOPLE, INTERESTS AND BENEFITS

6. KEY PEOPLE, INTERESTS AND BENEFITS

6.1 Directors and Executive Management

Peter James (Non-Executive Chairman)

Peter has extensive experience as Chair, Non-Executive Director and Chief Executive Officer across a range of publicly listed and private companies particularly in emerging technologies, digital disruption, e-commerce and media. He is an experienced business leader with significant strategic and operational expertise. Peter is a Fellow of the AICD and a Member of the Computer Society of Australia. Peter was a Non Executive Director of ASX listed iiNet from 2003 to 2015 when iiNet was acquired by TPG. He is Chairman of Macquarie Telecom , Nearmap and Droneshield.

Mark Evans (CEO and Managing Director)

Mark comes with extensive corporate experience. Previously the CEO of an international security countermeasures company, Mark was responsible for Asia-Pacific distribution agreements with Korean manufacturers of technology and Internet based security products. Mark moved on to a very successful long-term career in Sales & Marketing for one of Australia's largest billion dollar private companies. Here, Mark was renowned for his precise planning, strategy and execution, as well as the building of highly successful teams with winning cultures. Since being appointed CEO, Mark has proven himself as a true leader of Dreamscape Networks. Soon after his arrival, the company experienced the rapid global growth that has cemented its status as a market leader.

Gavin Gibson (COO and Executive Director)

Gavin comes from a strong technical background, operating as the CTO for a number of IT companies prior to joining Dreamscape Networks. Having been involved with Dreamscape and its subsidiary projects since inception, Gavin has worked closely with all aspects of operations from support, HR, design and development, to project and product management, marketing, PR and management. With his broad knowledge and experience, Gavin combines a clear vision and overview of day-to-day operations with an ability to tackle any arising challenges. Gavin expertly manages the build and implementation of Dreamscape's internal systems to improve speed, efficiency, profitability and overall customer experience.

Evan Cross (Non-Executive Director)

Evan has been a member of Chartered Accountants Australia and New Zealand for over 30 years, and is a Fellow of the Australian Institute of Company Directors. Evan has extensive corporate finance experience in investment banking both in Australia and the US and has held key finance or executive director roles in a number of private and ASX-listed companies in a wide range of industries including technology, healthcare, mining and the food and beverage industries.

Michael Malone (Non-Executive Director)

Michael founded iiNet Limited in 1993 and continued as CEO until retiring in 2014. During his tenure, iiNet grew to service one million households and businesses, with revenues of one billion dollars and a market cap of over one billion dollars. He has been recognised with a raft of industry accolades, including 2012 Australian Entrepreneur of the Year, CEO of the Year in the Australian Telecom Awards and National Customer Service CEO of the Year in the CSIA's Australian Service Excellence Awards. He presently sits on the boards of NBN Co and ASX listed SpeedCast Limited and Superloop Limited. Mr Malone is a founder of Diamond Cyber, an IT security firm in Perth. Michael is a Fellow of the Australian Institute of Company Directors, the Australian Institute of Management and the Australian Computer Society and has a Bachelor of Science (Mathematics) and a post graduate Diploma in Education both from the University of Western Australia.

Tony Sparks (Group Finance Executive and Company Secretary)

Tony is a Chartered Accountant and Senior Executive with over 25 years' experience in strategic, financial, taxation, company secretarial and corporate matters in various organisations and industries. Tony was recently the Chief Financial Officer for a privately owned resources company with a $3bn project, has previously held the position of Managing Director for an Australian Securities Exchange (ASX) Listed company, and has over 10 years' experience as a Company Secretary and the Chief Financial Officer for various ASX Listed companies. Tony will oversee all aspects of the Group's financial management, financial reporting, corporate and company secretarial matters.

6.2 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

a. the formation or promotion of the Company;

b. property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or

c. the Offer,

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

a. to induce him to become, or to qualify him as, a Director; or

b. for services rendered by him in connection with the formation or promotion of the Company or the Offer.

The interests of the Directors in the Securities of the Company as at the date of this Prospectus are set out in Section 1.10 above.

6.3 Interests of Advisers

The interests of the Company's professional advisers engaged in relation to the Offer are set out in Section 9.8.

6.4 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website (www.dreamscapenetworks.com.au).

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KEY PEOPLE, INTERESTS AND BENEFITS

Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

a. maintain and increase Shareholder value;

b. ensure a prudential and ethical basis for the Company's conduct and activities; and

c. ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

a. developing initiatives for profit and asset growth;

b. reviewing the corporate, commercial and financial performance of the Company on a regular basis;

c. acting on behalf of, and being accountable to, the Shareholders; and

d. identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $500,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

6.5 Departures from Recommendations

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

Principles and Recommendations	Company's Policies	Degree of compliance
Principle 1 – Lay solid foundations for management and oversight		
1.1 (a) Disclosure of the respective roles and responsibilities of the board and management; and (b) Disclose matters expressly reserved for the board and those delegated to management.	(a) The Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and executives. The Board relies on Senior Executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring financial and other reporting. (b) The Board has adopted a Board Charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management. A copy of the Board Charter is available on the Company's website www.dreamscapenetworks.com.au. The Board regularly monitors the divisions of functions between the Board and management to ensure the appropriateness to the needs of the Company.	Complies
1.2 (a) Complete appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide to shareholders all material information in the listed entity's possession relevant to a decision on whether to elect or not elect or re-elect a director.	(a) The Company ensures that prior to appointing a director or recommending a new candidate for election as a director that appropriate checks are undertaken as to the persons character, experience, education, criminal record and bankruptcy history. The details are documented in the Board Charter which is available on the Company's website. (b) All material information considered relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.	Complies
1.4 The Company Secretary is accountable to the board, through the chair, on all matters to do with the proper functioning of the board.	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary reports to the Board and is responsible for monitoring the extent that Board policy and procedures are followed, and coordinating the timely completion and despatch of Board agenda and briefing material. All directors are to have access to the Company Secretary.	Complies

Principles and Recommendations	Company's Policies	Degree of compliance
1.5 (a) Establish a diversity policy with measurable objectives to achieve gender diversity and assess annually both the objectives and the entity's progress in achieving them. (b) Disclose the policy or a summary of that policy. (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act (which is not applicable to the Company as at the date of this Prospectus), the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	(a) The Board has adopted a policy on achieving gender, age and ethnic diversity in the Company's Board and employees. The Chief Executive Officer is responsible for ensuring the policy is brought to the attention of all affected persons and for monitoring compliance with the policy. (b) The Company's Diversity Policy is available on the Company's website www.dreamscapenetworks.com.au. (c)The Board adheres to reporting annually and providing progressive results regarding performance against measureable objectives. The details are documented in the Diversity Policy which is available on the Company's website. (c) The Board will include in the annual report each year the proportion of male and female employees in the whole organisation, at senior executive level and at Board Level (including how the Company has defined "senior executive" for these purposes).	Complies
1.6 (a) Have and disclose a process for periodically evaluating performance of the board, its committees and individual directors. (b) Disclose at the end of each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process.	(a) The Chairperson shall review the performance of the Chief Executive Officer, each Director and each Board committee (if applicable) at least once every calendar year. The details are documented in the Board Charter which is available on the Company's website. (b) The Company will report on whether the evaluation has taken place on an annual basis in the Company's Annual Report and shall include, where appropriate, any insights it has gained from the evaluation and any governance changes it has made as a result.	Complies
1.7 (a) Have and disclose a process for periodically evaluating performance of Senior executives. (b) Disclose at the end of each reporting period whether the evaluation was undertaken in accordance with that process.	(a) The Chief Executive Officer shall review the performance of executive management at least once every calendar year with reference to the terms of their employment contract. (b) The Company will report on whether the evaluation has taken place on an annual basis in the Company's Annual Report	Complies

Principles and Recommendations	Company's Policies	Degree of compliance
Principle 2 – Structure the Board to add value		
2.1 (a) The board should have a nomination committee with at least 3 members (a majority of whom are independent directors), be chaired by an independent director, disclose the charter, members and, as at the end of each reporting period, the number of times met and individual attendance at meetings. (b) If the listed entity does not have a nomination committee, disclose that fact and disclose what processes the board employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	(a) The Board does not consider that the Company is of a relevant size or complexity to warrant the formation of a Nomination Committee to deal with the selection and appointment of new Directors and as such, a Nomination Committee has not been formed. A dedicated Nomination Committee Charter has not been adopted by the Board. (b) Nominations of new Directors are and will be considered by the full Board. If any vacancies arise on the Board, all Directors will be involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as and when required. The Board is confident that this process for selection, including undertaking appropriate checks before appointing a person, or putting forward to Shareholders a candidate for election is stringent. Full details of all Directors will be provided to Shareholders in the Company's annual reports and on the Company's website www.dreamscapenetworks.com.au.	Does not Comply
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company. The skills, experience and expertise of each Director will be maintained in a board skills matrix and set out in the Directors' Report section of the Company's Annual Report.	Complies
2.3 (a) Disclosure of names of independent directors on the board; (b) Disclose any independent director's interest, position association or relationship with the entity if it is described in Box 2.3 of the Recommendations and disclose why the board still considers such director to be independent; (c) Disclose the length of service of each director.	(a) The Company' Board includes Independent Directors: Mr Peter James (Non-Executive Chairman), Mr Evan Cross (Non-Executive Director) and Mr Michael Malone (Non-Executive Director). (b) Upon completion of the Acquisition and Offer, none of the Independent Directors hold more than 5% of the Shares in the Company and each Independent Director is not related to any other Director or senior executive of the Company. The Board assess whether Directors are independent of management or other relationships that could materially interfere with objective, unfettered or independent judgement by the Director or the Director's ability to act in the best interest of the Company. The Board retains ultimate discretion in their judgement to determine if a Director is independent. Information regarding the independence of Directors are documented in the Board Charter which is available on the Company's website. (c) Mr James has been a Director since 16 September 2016, Mr Cross has been a Director since 27 April 2016 and Mr Michael Malone has been a Director since 16 September 2016.	Complies

Principles and Recommendations	Company's Policies	Degree of compliance
2.4 The majority of the Board should be independent directors.	The Board does comprise a majority of independent directors as three of the five Directors are considered independent. The Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.	Complies
2.5 The chair of the board of a listed entity should be an independent director, and in particular, should not be the same person as the Chief Executive Officer.	Mr James is the Independent Non-Executive Chairman and does not act as the Chief Executive Officer.	Complies
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge required to perform their roles as directors effectively.	Upon appointment new Directors will be subject to relevant induction procedures to provide the incoming individual with sufficient knowledge of the entity and its operating environment to enable them to fulfil their role effectively. The Board will, when it considers the Company to be of an appropriate size, implement a formal induction process that complies with Recommendation 2.6.	Does not comply
Principle 3 – Act Ethically and Responsibly		
3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose the code or a summary of the code.	(a) The Company has developed a Code of Conduct for Directors, management and staff, underlying the Company's commitment to high ethical standards in the conduct of the Company's business. The Board is responsible for ensuring the Company's compliance with the Code and the good and fair management of reports of any breaches. The Company's Securities Trading Policy applies to all Directors, Officers and Employees and sets out the prohibition against insider trading and prescribes certain requirements for dealing in the Company's securities. (b) The Code of Conduct and Securities Trading Policy are available on the Company's website www.dreamscapenetworks.com.au.	Complies

Principles and Recommendations	Company's Policies	Degree of compliance
Principle 4 – Safeguard integrity in corporate reporting		
4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	(a) The Board has not established a separate Audit Committee. However the full board operates under the adopted Audit & Risk Management Charter, which is available for review on the Company's website www.dreamscapenetworks.com.au, and carries out the functions delegated under that charter. (b) The Board does not consider that the Company is of a size nor are the affairs of a complexity sufficient to warrant the formation of a separate Audit Committee. The full board is considered to be able to meet the objectives of the best practice recommendations and discharge its duties in this area. External audit recommendations, internal control matters and any other matters that arise from half yearly reviews and the annual statutory audit will be discussed directly between the Board and the Audit Engagement Partner. The Board encourages contact between Non-Executive Directors and the Company's external auditors ,independently of executive management.	Does not comply
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Chief Executive Officer and Chief Financial Officer (or equivalent) prepare a declaration to state the following in writing prior to the Board approving the Company's financial statements for a financial period that in their opinion: (a) the Company's financial reports have been properly maintained and contain a true and fair view, in all material respects, of the financial condition and operating performance of the Company and comply with relevant accounting standards; and (b) that the opinion is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complies
4.3 Ensure external auditor attend the AGM and is available to answer questions from shareholders relevant to the audit.	The Company's Board ensures that the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies

Principles and Recommendations	Company's Policies	Degree of compliance
Principle 5 – Make timely and balanced disclosure		
5.1 (a) Establish written policies for complying with ASX continuous disclosure obligations under the Listing Rules; and (b) Disclose those policies or a summary of those policies.	(a) The Company has established a Disclosure Policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act. (b) The Disclosure Policy is available on the Company's website www.dreamscapenetworks.com.au.	Complies
Principle 6 – Respect the rights of security holders		
6.1 Provide information about the Company and its governance via a website.	The Company has adopted a Shareholder Communications Strategy that is available for review on its website www.dreamscapenetworks.com.au Information regarding the Company's management, corporate governance, operations and other information relevant to investors and prospective investors is also updated regularly on its website.	Complies
6.2 Design and implement an investor relations program to facilitate communication with shareholders.	The Company has not adopted a formal investor relations program, however it does seek to inform investors of developments regularly by communicating through ASX announcements and by providing information on its website. Investors are encouraged to attend the Company's security holder meetings, and are able to contact management by email via the Company's website, or by phone (08) 9422 0894.	Does not Comply
6.3 Disclose policies and processes to facilitate and encourage shareholder participation at meetings.	The Company has not adopted a formal policy regarding participation at its security holder meetings. The Company does provide meeting documents in a timely manner and seeks to hold meetings that may be attended by security holders in convenient locations and at times considered to be reasonable. Security holders attending such meetings are encouraged to attend and participate, both during and after the formal notified business.	Complies

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Principles and Recommendations	Company's Policies	Degree of compliance
6.4 Provide the option for security holders to receive communications from, and send communications to, the Company and its security registry electronically.	All security holders are encouraged to provide the Company's share registry with email addresses to enable electronic communication. In addition provision is made, where possible, for security holders to be able to vote on AGM and general meeting matters electronically. The Company has implemented a newsletter service whereby investors may subscribe via the Company's website www.dreamscapenetworks.com.au to receive relevant company updates by email. Security holders may contact the Company electronically via the Company's website or the Company's share registry's website.	Complies
Principle 7 – Recognise and manage risk		
7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The Board has not established a separate Risk Management Committee. However the full Board operates under the adopted Audit & Risk Management Charter and carries out those functions delegated in the charter. The Board is ultimately responsible for risk oversight and risk management. Discussions on the recognition and management of risks are also considered at each Board meeting. The Board has adopted an Audit and Risk Committee Charter and a Risk Management Policy. Under the Risk Management Policy, responsibility and control risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer, supported by the senior executive team, having ultimate responsibility to the Board for the implementation of the risk management and control framework. The Risk Management Policy is available on the Company's website www.dreamscapenetworks.com.au.	Does not Comply
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	(a) The Company has established policies as a risk management framework for the oversight and management of material business risks and the Board monitors, identifies and reviews risks within the business and that framework in the ordinary course of business at each Board Meeting. (b) Key operational and financial risks are presented to and reviewed by the Board at each Board meeting and reported in the appropriate periods.	Complies
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	(a) The Board believes that for efficiency purposes and the Company is not of a size to justify having an internal audit function. (b) Refer to 7.1 above.	Does not Comply

Principles and Recommendations	Company's Policies	Degree of compliance
7.4 Disclose any material exposure to economic, environmental and social sustainability risk and how it manages those risks.	The Company's risk management systems are intended to assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks. The Board ensures a pro-active and structured approach to potential material business sustainability and compliance risk. It regularly assesses risk which include and are not limited to, credit, economic, liquidity, operational, environmental, OH&S, regulatory, market related, technology, social sustainability, HR, product, brand and reputation. Risks are identified, analysed monitored and reported in accordance with the Company's Risk Management Policy. Management reports regularly to the Board as to the effectiveness of the Company's management of its material business risks. The Risk Management Policy is available on the Company's website.	Complies
Principle 8 – Remunerate fairly and responsibly		
8.1 The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	(a) The Board has not established a separate Remuneration Committee, and has not adopted a dedicated Remuneration Committee Charter. (b) The full Board will meet to consider both the level and structure of remuneration and incentive policies for the Executive Directors and key executives within the Company and decide on the Company's remuneration policies. The affected Director or Executive will not participate in the decision-making process.	Does not comply
8.2 The Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company has separate policies relating to the remuneration of Non-Executive Directors and that of Executive Directors and senior executives. This information will be detailed in the Remuneration Report, which forms part of the Directors' Report in the Company's Annual Reports.	Complies

Principles and Recommendations	Company's Policies	Degree of compliance
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	(a) The Company's Securities Trading Policy prohibits the hedging of risk of fluctuation of the value of the Company's unvested securities. (b) The Securities Trading Policy is available on the Company's website www.dreamscapenetworks.com.au.	Complies

6.6 Material Contracts

Set out below is a summary of the contracts to which the Group is a party that may be material or otherwise may be relevant to a potential investor in the Company. The whole of the provisions of the contracts are not repeated in this Prospectus and below is summary of the material terms only.

6.6.1 Share Sale Agreement

The Company has entered into a share sale agreement for the purchase of 100% of the issued capital of Pandora Enterprise Holdings Ltd (a company incorporated in the British Virgin Islands) from the Vendors, Bluegeko Holdings Ltd and Cloudsafe Holdings Ltd (Share Sale Agreement). Cloudsafe Holdings Ltd is an entity associated with CEO and Director Mark Evans.

Pandora is the sole legal and beneficial owner of Dreamscape Networks FZ-LLC, Crazy Domains FZ-LLC and, in turn, the remaining members of the Group.

The material terms of the Share Sale Agreement are as follows:

a. The consideration payable by the Company for the Acquisition of Pandora is:
   - (i) the issue the 234.4 million Shares to the Vendors (Consideration Shares), being
     - (1) 93,760,000 shares to Cloudsafe Holdings Ltd; and
     - (2) 140,640,000 shares to Bluegeko Holdings Ltd.
   - (ii) the payment of cash consideration of $10 million to the Vendors, being:
     - (1) $4 million to Cloudsafe Holdings Ltd; and
     - (2) $6 million to Bluegeko Holdings Ltd.
   - (iii) the forgiveness by the Company of advances to the Vendors from Pandora and disclosed as a current asset in the balance sheet of Pandora, with a balance of A$11,226,318 at 30 June 2016. The amount of the advance to be forgiven shall be the actual balance remaining on the date of completion of the Share Sale Agreement;

b. completion of the Share Sale Agreement is conditional upon:
   - (i) all necessary shareholder and regulatory approvals;
   - (ii) .auDA consenting to the effective change in control pursuant to the terms of the .auDA Accreditation Agreement;
   - (iii) the Group complying with the relevant notification procedures pursuant to the ICANN Accreditation Agreement;
   - (iv) the Company raising the Full Subscription under the Offer; and
   - (v) the Company receiving conditional listing approval from ASX to be admitted to the Official List, and such conditions are capable of being satisfied by the Company.

The Share Sale Agreement otherwise contains terms considered standard for a document of this nature.

6.6.2 Voluntary Restriction Agreements

The Company and the Vendors have entered into voluntary restriction agreements in relation to the Consideration Shares to be issued to the Vendors pursuant to the terms of the Share Sale Agreement. These agreements were executed for the purposes of demonstrating that the Vendors' interests in respect of the Consideration Shares are aligned with the performance of the Company.

Pursuant to these agreements, the Vendors have:

a. agreed to not dispose, transfer, or agree to dispose or transfer the Consideration Shares for a period of 12 months from the date of their issue (Restriction Period); and

b. consented to the placement of a holding lock over the Consideration Shares during the Restriction Period.

The agreements otherwise contain terms considered standard for documents of this nature.

6.6.3 Mark Evans CEO Executive Services Agreement

Mark Evans' role as CEO and Managing Director includes the responsibility to oversee all aspects of the Group's operations and senior management.

a. Mark will be located at the Group's headquarters in Dubai and will travel as necessary to the Philippines, Ukraine, Australia and elsewhere as his role requires.

b. Mark is employed on a full-time basis with a remuneration package comprised of US$420,000 per annum.

c. Mark will also receive Options in the Company as set out in Section 1.10.

d. The Board of Directors will establish Key Performance Indicators (KPIs) for the next 12 months. Through these KPIs, bonus remuneration can be earned of up to a maximum of 100% of the base salary. 50% of this is based on long term incentives whilst the other 50% is based on short term incentives. It is the Company's intent for KPIs to be established that are reasonable and allow Mark to achieve the maximum bonus if the KPIs are met.

e. In addition to the base salary, the following will be provided to Mark:

   (i) a rental subsidy for housing in Dubai and Cebu in lieu of hotel accommodation while travelling to these offices; and

   (ii) parking, computer and telecommunication equipment, professional memberships and fees required to fulfil his position.

f. Termination:

   (i) Subject to the Corporations Act and Listing Rules, the agreement may be terminated by the Company without cause by providing three months' notice and a termination payment equal to the three years' salary.

   (ii) Mark may terminate the Agreement without cause by providing not less than three months' written notice.

The agreement otherwise contains terms considered standard for a document of this nature.

6.6.4 Gavin Gibson COO Executive Services Agreement

Gavin Gibson's role as COO and Executive Director includes the responsibility to plan, direct and oversee the Group's operation policies, rules, initiatives and goals.

a. Gavin will be located at the Group's Perth office.

b. Gavin is employed on a full-time basis with a remuneration package comprised of AUD$280,000 per annum plus statutory superannuation.

c. The Board of Directors will establish Key Performance Indicators (KPIs) for the next 12 months. Through these KPIs, bonus remuneration can be earned of up to a maximum of 100% of the base salary. 50% of this is based on long term incentives whilst the other 50% is based on short term incentives. It is the Company's intent for KPIs to be established that are reasonable and allow Gavin to achieve the maximum bonus if the KPIs are met.

d. Gavin will also receive parking, computer and telecommunication equipment, and professional memberships and fees required to fulfil his position.

e. Gavin will also receive Options in the Company as set out in Section 1.10.

f. Termination:

   (i) Subject to the Corporations Act and Listing Rules, the agreement may be terminated by the Company without cause by providing the greater of:

      (1) three months' notice; or

      (2) one month's notice for each year or part year of employment served; or

      (3) a termination payment equal to such notice period.

   (ii) Gavin may terminate the agreement without cause by providing not less than three months' written notice.

The agreement otherwise contains terms considered standard for a document of this nature.

6.6.5 Peter James Non-Executive Chairman Services Agreement

Peter James was appointed Non-Executive Chairman of the Company in September 2016.

Peter will be paid a remuneration package of AUD$120,000 per annum plus statutory superannuation. Peter will also receive Options in the Company as set out in Section 1.10.

The agreement otherwise contains terms considered standard for a document of this nature.

6.6.6 Michael Malone Non-Executive Director Services Agreement

Michael Malone was appointed Non-Executive Director of the Company in September 2016.

Michael will be paid a remuneration package of AUD$80,000 per annum plus statutory superannuation. Michael will also receive Options in the Company as set out in Section 1.10.

The agreement otherwise contains terms considered standard for a document of this nature.

6.6.7 Evan Cross Non-Executive Director Services Agreement

Evan Cross was appointed Non-Executive Director of the Company in September 2016.

Evan will be paid a remuneration package of AUD$80,000 per annum plus statutory superannuation. Evan will also receive Options in the Company as set out in Section 1.10.

The agreement otherwise contains terms considered standard for a document of this nature.

6.6.8 Anthony Sparks Employment Contract

Tony Sparks role as Group Finance Executive and Company Secretary includes the responsibility to oversee all aspects of the Group's financial management and reporting.

a. Tony will be located at the Group's Perth office.

b. Tony is employed on a full-time basis with a remuneration package comprised of AUD$260,000 per annum plus statutory superannuation.

c. The Board of Directors will establish Key Performance Indicators (KPIs) for the next 12 months. Through these KPIs, bonus remuneration can be earned of up to a maximum of 100% of these base salary. 50% of this is based on long term incentives whilst the other 50% is based on short term incentives. It is the Company's intent for KPIs to be established that are reasonable and allow Tony to achieve the maximum bonus if the KPIs are met.

d. Tony will also receive parking, computer and telecommunication equipment, and professional memberships and fees required to fulfil his position.
e. Tony will also receive Options in the Company as set out in Section 1.10.
f. Termination:
   (i) Subject to the Corporations Act and Listing Rules, the agreement may be terminated by the Company without cause by providing six months' written notice and a cash payment equivalent to six months' base salary.
   (ii) Tony may terminate the agreement without cause by providing no less than three months' written notice.

The agreement otherwise contains terms considered standard for a document of this nature.

6.6.9 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

6.6.10 Underwriting Agreement

The Company has entered into an underwriting agreement for Canaccord to fully underwrite the Offer (Underwriting Agreement), for the Full Subscription of $25 million, being 100 million Shares at an issue price of $0.25 (Underwritten Shares).The material terms of the Underwriting Agreement are as follows:

a. The Underwriter (Canaccord Genuity (Australia) Limited) must underwrite and manage the subscription of all the Underwritten Shares at the offer price of $0.25 per Share and in compliance with the Corporations Act.
b. The Company must pay the Underwriter the following fees upon completion of the Offer (as contemplated by the Lead Manager Mandate and, for the avoidance of doubt, not in addition to the fees specified in the Lead Manager Mandate):
   (i) 3.5% of the gross proceeds as an underwriting fee; and
   (ii) 2% of the gross proceeds as a management fee.
c. The Company will also be required to reimburse the Underwriter for all reasonable costs incurred by the Underwriter in relation to the Offer.
d. The Underwriter may at any time appoint sub-underwriters of its choice, in its sole discretion, to sub-underwrite the Underwritten Shares, such an appointment does not affect the obligations of the Underwriter.
e. The underwriting of the Offer is conditional upon satisfaction (or waiver by the Underwriter) of various terms and conditions ordinarily found in an agreement of this type, including the termination events below.
f. Up to the issue date of the Underwritten Shares, if any of the following termination events occur, the Underwriter may, if it believes that such event is materially adverse on the offer or the Company or has or could give rise to a contravention or liability of the Underwriter under any applicable law terminate the Underwriting Agreement (without cost or liability to the Underwriter):
   (i) (disclosures in Prospectus) A statement contained in the Prospectus is misleading or deceptive (including by omission) or likely to mislead or deceive, or becomes misleading or deceptive, or a material matter is omitted from the Prospectus.
   (ii) (Offer documents do not comply) The Prospectus does not comply with:
      (1) the Corporations Act (including sections 710, 711 and 716);
      (2) the Listing Rules; or
      (3) any other applicable law.

(iii) (forecast incapable of being met) Any forecast or forward looking statement in the Prospectus becomes incapable of being met or unlikely to be met in the projected time.

(iv) (ASX approval) Unconditional approval (or conditional approval subject only to customary conditions) is refused or not granted by ASX to:

(1) the Company's admission to the Official List of ASX; or

(2) the Official Quotation of all of the Shares on ASX.

(v) (withdrawal) The Company withdraws Prospectus or the Offer, or indicates that it does not wish to proceed with the Offer.

(vi) (supplementary or replacement prospectus) The Underwriter or the Company reasonably forms the view that a supplementary prospectus must be lodged with ASIC under section 719 of the Corporations Act, and the Company does not lodge a supplementary prospectus with ASIC in the form and with the content, and within the time, reasonably required by the Underwriter.

(vii) (regulatory action) Any of the following occurs:

(1) a person applies for an order under Part 9.5 of the Corporations Act in relation to the Offer or the Prospectus, except where the application does not become publicly known and is dismissed or withdrawn at least 3 Business Days before the Underwritten Shares are issued;

(2) ASIC gives notice of intention to hold a hearing in relation to the Offer or the Prospectus under section 739(2) of the Corporations Act or makes an order under section 731 of the Corporations Act or an interim order under section 739(3) of the Corporations Act; or

(3) an application is made by ASIC for an order under Part 9.5 in relation to the Offer or the Prospectus or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or the Prospectus.

(viii) (ASX approvals and ASIC modifications) ASX withdraws, revokes or amends the ASX waivers, or ASIC withdraws, revokes or amends the ASIC modifications.

(ix) (consent withdrawn) Any person (other than the Underwriter seeking to rely on this provision) gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in the Prospectus (or any replacement or Supplementary Prospectus) withdraws that consent.

(x) (restricted activities) Without the prior written consent of the Underwriter, the Company or any other member of the Group member:

(1) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus;

(2) ceases or threatens to cease to carry on business;

(3) alters its capital structure (debt or equity), other than as contemplated in the Prospectus;

(4) amends the Constitution; or

(5) amends the terms of issue of the Offer Shares.

(xi) (notice under section 730) Any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus.

(xii) (market fall) At any time before Completion, the S&P/ASX 300 Index or the S&P/ASX Small Ordinaries Index closes at a level that is 10% or more below the level of that index at 5.00pm (Sydney time) on the trading day immediately prior to the date of the Underwriting Agreement.

(xiii) (repayment of Application Moneys) Any circumstance arises after lodgement of the Prospectus that results in, or will result in, the Company either repaying the Application Money received from applicants or offering applicants an opportunity to withdraw their applications for Offer Shares and be repaid their Application Moneys.

(xiv) (insolvency) An insolvency event occurs with respect to the Company or any other Group member.

(xv) (timetable delay) Any event set out in the timetable in the Prospectus is delayed for more than five business days, unless:

(1) the Underwriter consents to a variation; or

(2) the delay is for a reason outside of the control of the Company.

(xvi) (Material Contracts) A material contract referred to in the Prospectus:

(1) is, without the prior written consent of the Underwriter, amended or varied;

(2) is breached in any material respect;

(3) is terminated (whether by breach or otherwise);

(4) ceases to have effect, otherwise than in accordance with its terms; or

(5) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal.

(xvii) (Government agency action) ASIC or any other government agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, a director of the Company, the Offer, or the Offer Documents.

(xviii) (proceedings – persons other than ASIC) a person other than ASIC commences any enquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or the Prospectus and such enquiry, investigation or proceedings is not disposed of or withdrawn to the Underwriter's reasonable satisfaction.

(xix) (change in management) other than as disclosed in the Prospectus, a change to the board of directors or senior management of the Company occurs or is announced.

(xx) (failure to issue) The Company is or becomes unable, for any reason, to issue the Offer Shares on Completion.

(xxi) (directors and Vendors) Any of the following occur:

(1) a director or senior executive of the Company or any of the Vendors is charged with an indictable offence;

(2) any Government agency commences any public action against a Vendor, or a Group member, a member of management of the Group or any of a Group member's directors, or announces that it intends to take such action;

(3) any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or

(4) a Vendor or a member of management or a director of a Group member engages in any fraudulent conduct or activity.

(xxii) (material adverse change) Any material adverse change occurs, or an event occurs which is likely to give rise to a material adverse change in or affecting the general affairs, management, assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of the Group, including (without limitation):

(1) any material change in the earnings, prospects or forecasts of the Group from those disclosed in the Prospectus;

(2) any material change in the nature of the business conducted by the Group or proposed to be conducted by the Group; and

(3) any material change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those respectively disclosed in the Prospectus.

(4) (materially adverse new circumstance) A new circumstance occurs in relation to the Company or the business of the Group (whether or not the Company announces it) that is materially adverse to the Company and/or the Offer and has arisen since the Prospectus was lodged with ASIC that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged with ASIC.

(xxiii) (change in laws) Any of the following occurs which does or is likely to prohibit, restrict or regulate the Offer or reduce the level or likely level of valid Applications for Offer Shares:

(1) the introduction of legislation into the parliament of the Commonwealth of Australia, or any State or Territory of Australia;

(2) the public announcement of prospective legislation or policy by the Australian Federal Government or the Government of any Australian State or Territory; or

(3) the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy.

(xxiv) (breach of law or regulations) The Company contravenes the Corporations Act, its Constitution, ASIC Act, the Listing Rules, the Competition & Consumer Act 2010, or any other applicable law or regulation.

(xxv) (warranties or representation untrue) Any of the warranties or representations by the Company in the Underwriting Agreement or the Lead Manager Mandate are or become untrue or incorrect.

(xxvi) (breach) The Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any undertaking or covenant given or made by it under that agreement.

(xxvii) (materially adverse change in financial markets) Any of the following occurs:

(1) a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom, Hong Kong, Japan, People's Republic of China, Singapore, Hong Kong, a member or state of the European Union, the Philippines or Dubai is declared by the relevant authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;

(2) trading in securities generally quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one day on which that exchange is open for trading;

(3) any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America, the United Kingdom, Hong Kong, Japan, People's Republic of China, Singapore, Hong Kong, a member or state of the European Union, the Philippines or Dubai, or the international financial markets or any adverse change in national or international political, financial or economic conditions; or

(4) after the date of the Underwriting Agreement, a change or development (which was not publicly known prior to the date of the Underwriting Agreement) involving a prospective adverse change in taxation affecting the Group or the Offer occurs.

(xxviii) (hostilities) There is an outbreak of hostilities (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism occurs in or involving any one or more of the following:

(1) Australia; New Zealand; Indonesia; the United Kingdom; the United States of America; Japan; the People's Republic of China; Russia; any member state of the European Union; Singapore; Hong Kong; the Philippines; or Dubai, or

(2) involving any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world.

(xxix) (encumbrances) Other than as disclosed in the Prospectus, a member of the Group charges or agrees to charge or creates any encumbrance over, the whole, or a substantial part of its business or property, or contravenes an encumbrance or document which is binding on the member of the Group or an asset of the member of the Group.

(xxx) (disclosures in due diligence) The due diligence report or any other information supplied by or on behalf of the Group to the Underwriter in relation to the due diligence process, Underwritten Shares, the Group, the Offer, or the Prospectus is or becomes untrue, incorrect, misleading or deceptive (including by omission).

The Underwriting Agreement otherwise contains terms (including warranties and representations) considered standard for a document of this nature.

6.6.11 Lead Manager Mandate

The Company and Canaccord have entered into the Lead Manager Mandate pursuant to which Canaccord has agreed to act as the Lead Manager and Underwriter to the Offer.

The key terms of the Lead Manager Mandate are set out below.

a. The services that Canaccord will provide to the Company include:
   (i) assisting in the overall management of the Offer;
   (ii) assisting in the drafting of documents in relation to the Offer, preparing marketing materials and coordinating presentations and marketing of the Company and the IPO to potential investors;
   (iii) advising the Company on issues such as timing and structure, Offer terms and pricing, size and capital structure of the Company following the IPO; and
   (iv) being a member of the DDC.
b. Upon completion of the Offer, Canaccord will be paid the following fees for its services:
   (i) 3.5% of the gross proceeds as an underwriting fee;
   (ii) 2% of the gross proceeds as a management fee; and
   (iii) 2,814,900 Options, by way of option fee, with an exercise price of $0.25, and a term of 3 years from the date of issue. The Options will be issued within 5 days of the Offer being completed.
c. In addition to the above, Canaccord will receive a retainer of $37,500 per month for the three months between 1 September and 30 November 2016, being a total retainer fee of $112,500.
d. The Company's duties and responsibilities under the Lead Manager Mandate include:
   (i) appointing a due diligence committee and procuring appropriate due diligence investigations are undertaken; and
   (ii) providing Canaccord with full and free access to the due diligence records and other records and information of the company to enable Canaccord to obtain any information as to the business, assets, liabilities, financial position, profits, losses and prospects.
e. Canaccord will allocate any securities offered in connection with the Offer upon consultation with the Company.
f. The Company will pay Canaccord all out of pocket expenses incurred by Canaccord throughout the Offer and due diligence process.
g. If for the period of 12 months commencing on 20 September 2016 and ending 12 months after the Lead Manager Mandate's termination, the Company resolves to undertake any fundraising activities, the Company must provide Canaccord with the proposed terms of engagement of financial adviser is prepared to enter into, and offer Canaccord the first right of refusal in respect of such role on the same terms.

h. Termination:

(i) Canaccord may terminate the Lead Manager Mandate in writing at any time.

(ii) The Company may terminate the Lead Manager Mandate at any time where Canaccord has made a material breach if:

(1) the Company notifies Canaccord of this material breach; and

(2) Canaccord fails to remedy the breach within 14 days of the notice.

(iii) If the Company does not proceed with the Offer, then the Company shall reimburse Canaccord for its costs, including any unpaid retainer, and shall also pay a one off termination fee of $100,000.

(iv) In the event the Company undertakes a trade sale to, or receives a strategic investment from a third party and as a result does not complete the IPO, Canaccord is entitled to a break fee of $500,000.

The Lead Manager Mandate otherwise contains terms considered standard for a document of this nature.

6.6.12 ICANN Accreditation Agreement

The Group, via a subsidiary, has obtained accreditation from the Internet Corporation for Assigned Names and Numbers (ICANN) pursuant to a registrar accreditation agreement which allows the Company to be an ICANN accredited registrar.

The agreement allows the Company to host and operate accredited TLDs throughout the world, for the purposes of the Dreamscape Business.

Pursuant to the terms of the agreement, the Company must notify ICANN of the effective change in control of the Group's ICANN accredited registrar as a result of the Acquisition and IPO.

The agreement is otherwise on standard and commercial domain name hosting industry terms and conditions.

6.6.13 .auDA Accreditation Agreement

The Group, via an Australian subsidiary, has obtained accreditation from .au Domain Administration Limited (auDA) as an .au accredited registrar for .au domain names.

The auDA accreditation allows the company to host, operate, act as a registry for, accept applications for, and re-sell to consumers, .au domains for the purpose of the Dreamscape Business.

Pursuant to the terms of the agreement, auDA has provided consent to the effective change in control of the Group's auDA accredited registrar as a result of the Acquisition and IPO.

The auDA accreditation is otherwise on standard and commercial domain name industry (and standard auDA) terms and conditions.

6.6.14 Registry-Registrar Agreements

The Group is also party to various world-wide, registry – registrar agreements allowing it to host and operate domain names with various domain extensions.

Each registry agreement is on standard industry terms and allows the Group access, as a registry, for domain extensions such as .eu, .au, .org, .net, .com and a variety of other TLDs and gTLDs.

07 DETAILS OF THE OFFER

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7. DETAILS OF THE OFFER

7.1 The Offer

This Prospectus constitutes an offer by DN8 of 100 million Shares for subscription at an Offer Price of $0.25 per Share to raise $25 million. All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the Shares currently on issue. The details of how to apply for Shares are outlined below in the section on Institutional Offer and Broker Firm Offer and in the Application Form.

The Shares offered under this Prospectus will represent approximately 29% of the Shares on issue at Completion of the Offer. The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.2 Structure of the Offer

The Offer comprises:

- the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and a number of other eligible jurisdictions (see Section 7.7); and
- the Broker Firm Offer, which is open only to Australian resident investors who are not Institutional Investors and who receive a firm allocation of Shares from their Broker (see Section 7.8).

No general public offer of Shares will be made under the Offer. The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager, in agreement with the Company, having regard to the allocation policy outlined in Sections 7.7 and 7.8.

7.3 Purpose of the Offer

The purpose of the Offer is to:

- fund the cash component of the Acquisition of the Group;
- raise additional working capital to fund the growth strategies outlined in Section 3;
- provide the DN8 Group's business with the benefits of an increased profile that arises from being a listed entity;
- facilitate the listing of the Company on the ASX and thereby enable access to capital markets; and
- create a liquid market for Shares and an opportunity for employees and other persons to invest in the Company.

7.4 Conditions of the Offer

The Offer is conditional upon:

- completion of the Acquisition;
- the Company raising the Full Subscription under the Offer (being $25 million); and
- the Company receiving conditional approval from the ASX for the admission of the Company's Shares to the Official List of ASX, on conditions reasonably acceptable to the Company.

There is a risk that the Conditions of the Offer will not be achieved. In the event the Conditions to the Offer are not achieved, the Company will not proceed with the Offer and will repay all Application Monies received. If the minimum subscription to the Offer of $25,000,000 (being the Full Subscription) has not been raised within 3 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

7.5 Capital structure

The capital structure of the Company following the Offer and the Acquisition is set out in Section 1.5.

7.6 Use of Funds

The funds raised under the Offer will be used to fund:

- the cash component for the Acquisition of the Group; and
- future growth opportunities, including:
  - identifying and acquiring complementary businesses and products;
  - expanding the Group's business into targeted English speaking Asian countries;
  - accelerating product development; and
  - enhancing global operations and infrastructure.

The proposed use of funds of the Offer proceeds is as follows:

Uses of Funds	$m	%
Cash component for Acquisition of the Group	10.0	40.0
Funding future growth opportunities	12.5	50.0
Expenses of the Offer	2.5	10.0
Total uses	**25.0**	**100**

The above table is a statement of current intention as of the date of this Prospectus. As with any budget, intervening events, (such as the Risk Factors noted in Section 5) and new circumstances have the potential to effect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors believe the Company will have sufficient working capital to meeting its immediate business obligations, as set out in the above table (and otherwise in Section 4), and to meet its objectives upon completion of the Offer and Acquisition (as set out in Sections 2 and 3).

7.7 Institutional Offer

(a) Invitations to bid

The Institutional Offer is an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to bid for Shares. The Lead Manager has advised Institutional Investors of the application procedures for the Institutional Offer.

(b) Institutional Offer allocation policy

The allocation of Shares between the Broker Firm Offer and Institutional Offer has been determined by the Lead Manager in consultation with the Company.

Participants in the Institutional Offer have been advised of their allocation of Shares by the Lead Manager.

The allocation policy was influenced by a number of factors including:

- number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following Listing;
- the Company's desire to establish a wide spread of institutional shareholders;
- overall level of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long-term shareholders; and
- other factors that DN8 and the Lead Manager considered appropriate.

7.8 Broker Firm Offer

(a) Who can apply?

The Broker Firm Offer is open to persons who have received an invitation to participate in the Offer from a Broker and who have a registered address in Australia or New Zealand. If you have been invited to participate by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

(b) How to apply

You should complete and lodge your Application Form with the Broker who invited you to participate in the Offer. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form. Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or in its paper copy form which may be downloaded in its entirety from www.dreamscapenetworks.com.au. Applicants under the Broker Firm Offer should not send their Application Forms or payment to the Company. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received by the Closing Date.

By making an Application, you declare that you were given access to this Prospectus (and any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is $2000 worth of Shares and in multiples of $500 thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens on 11 November 2016 and is expected to close at 5:00pm (AEST) on 22 November 2016.

DN8 and the Lead Manager may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and the Corporations Act). Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

(c) How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions received from their Broker.

(d) Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Amount by the Offer Price. Where the Offer Price does not divide evenly into the Application Amount, the number of Shares to be allocated will be determined by the Applicant's Broker.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian financial institution, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the Applicant received a firm allocation of Shares.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on your Application Form, you may be taken to have applied for such lower dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

(e) Acceptance of Applications

An Application in the Broker Firm Offer is an offer by an Applicant to DN8 to subscribe for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form. To the extent permitted by law, an Application is irrevocable.

An Application may be accepted by DN8 and the Lead Manager in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

(f) Broker Firm Offer allocation policy

The allocation of Shares to Brokers has been determined by the Lead Manager. Shares which have been allocated to Brokers for allocation to their Australian resident clients will be issued or transferred to the Applicants who have received a valid allocation of Shares from those Brokers. The allocation of Shares among applicants under the Broker Firm Offer will be at the sole and absolute discretion of the relevant Broker It will be a matter for those Brokers how they allocate Shares among their clients, and they (and not DN8 or the Lead Manager) will be responsible for ensuring that their clients who have received an allocation from them, receive the relevant Shares.

(g) Final allocation policy in the Broker Firm Offer

Applicants under the Broker Firm Offer are able to call the Lead Manager on +61 2 9263 2795 from 8.30am to 5:00pm AEST Monday to Friday, to confirm their allocations. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a shareholder statement, you do so at your own risk, even if you obtained details of your holding from Computershare or confirm your allocation through a Broker.

7.9 Oversubscriptions

The Board will not accept any oversubscriptions.

7.10 Application Monies

Application Monies received under the Broker Firm Offer will be held in a special purpose bank account until Shares are issued or transferred to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

7.11 Issue of Shares

Subject to ASX granting approval for the Company to be admitted to the Official List, the Shares will be issued as soon as possible after satisfaction of the Conditions to the Offer. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their shareholder statements will do so at their own risk.

The Company reserves the right, in its absolute discretion, to issue the Shares applied for under any Application in full or to allot any lesser number or to decline any Application. The Company may in its absolute discretion give preference to certain investors in accepting Applications under the Offer.

7.12 Lead Manager and Underwriting arrangements

The Offer is fully underwritten.

Canaccord Genuity (Australia) Limited is the Lead Manager and Underwriter to the Offer pursuant to the Lead Manager Mandate and the Underwriting Agreement . Summaries of the Lead Manager Mandate and the Underwriting Agreement, including the events which would entitle Canaccord to terminate the agreements, are set out in Sections 6.6.10 and 6.6.11.

As Lead Manager and Underwriter, Canaccord will be paid approximately $1.5 million, comprised of:

- a three month retainer for corporate services totalling $112,500;
- a management fee of 2.0% of the funds raised under the Offer;
- an underwriting fee of 3.5%; and
- the issue of 2.8 million Lead Manager Options.

The Lead Manager and Underwriter is also entitled to reimbursement of its reasonably incurred expenses.

7.13 ASX listing

The Company will apply to ASX within seven days after the date of this Prospectus for admission to the Official List and for the Shares to be granted quotation on the ASX (which will be under the ASX code "DN8"). If the Shares are not admitted for quotation within three months after the date of this Prospectus, none of the Shares will be allotted or issued and all Application Monies will be refunded in accordance with the Corporations Act. No interest will be paid on refunded amounts.

A decision by the ASX to admit the Company to the Official List is not to be taken in any way as an indication of the ASX's view as to the merits of the Company or its Shares. The ASX takes no responsibility as to the contents of this Prospectus. Quotation of the Shares, if granted, will commence as soon as practicable after shareholder statements for the Shares are despatched.

7.14 Restricted Securities

The Company will enter into voluntary escrow agreements with the Vendors. Pursuant to these agreements the Vendors have agreed that their Vendor Shares will be subject to a voluntary escrow period of 12 months. Further details are set out in Section 6.6.2.

7.15 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants upon acquisition of the Shares under the Offer.

Various fees are payable in relation to the Offer by the Company to the Lead Manager and Underwriter and its other advisers. Details are set out in Sections 6.6.10 and 6.6.11.

The Company will not pay any lodgement fee to any Broker on Applications lodged bearing a stamp representing a licensed broker. Each Broker, has made or will make its own arrangements for payment of any fees directly with the Lead Manager.

7.16 Taxation

Investors wishing to apply for Shares should give careful consideration as to the tax implications of any such investment. Relevant taxation considerations include, but are not limited to, taxation of capital gains and dividends and withholding tax. Different taxation outcomes will apply to different investors and in different circumstances, depending on factors such as whether the investor is a resident or a non-resident of Australia, whether the investor is an individual, corporate shareholder or complying superannuation fund, or whether Shares are held on capital or revenue account. Accordingly, potential Shareholders are advised to seek their own professional taxation advice before investing in the Company.

Further information regarding taxation considerations is detailed in Section 9.10.

7.17 Withdrawal of Offer

Subject to the terms of the Underwriting Agreement, the Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful applicants. If the Offer does not proceed, Application Monies will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

7.18 Electronic Prospectus

The Offer constituted by this Prospectus is available electronically only to investors in Australia and New Zealand. Persons located in Australia or New Zealand may view this Prospectus on the Company's website www.dreamscapenetworks.com.au. The Offer constituted by this Prospectus in electronic form is not available to investors outside Australia and New Zealand, including but not limited persons in the United States of America.

Persons who access the electronic version of this Prospectus should ensure they download and read the entire Prospectus. A paper copy of this Prospectus will be provided free of charge to any person in Australia or New Zealand who requests a copy by contacting the Share Registry using the contact details set out in the Corporate Directory during normal business hours. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to or accompanying a paper copy of this Prospectus of the complete and unaltered electronic version of this Prospectus.

7.19 CHESS and Issuer sponsored holdings

The Company proposes to participate in the Clearing House Electronic Subregister System (CHESS) operated by ASX Settlement, a wholly owned subsidiary of the ASX, in accordance with the ASX Listing Rules and the ASX Settlement and Operating Rules.

Under CHESS, he Company will not issue certificates to Shareholders. The Company will operate an electronic issuer sponsored subregister and an electronic CHESS subregister, allowing Shares to be traded electronically. Shareholders will receive a notice advising them of the number of Shares allocated to them and their holder identification number (HIN) for holdings registered on the CHESS subregister, or a SRN in the case of holdings registered on the issuer sponsored subregister.

A shareholder statement will be provided to Shareholders at the end of any subsequent month during which there has been a change in their shareholding. Shareholders will be able to request additional shareholder statements at any time; however, a charge may be incurred.

7.20 Enquiries

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

If you require additional copies of this Prospectus, please contact Computershare using the contact details set out in the Corporate Directory.

7.21 Jurisdiction of the Offer

This Prospectus and the Offer do not constitute an offer of securities in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING - The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document which is or contains an invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this document or any advertisement, invitation or document relating to the Offer, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

Copies of this document may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this document, or any offer or an invitation in respect of these securities, to the public in Hong Kong. The document is for the exclusive use of investors in connection with the Offer, and no steps have been taken to register or seek authorisation for the issue of this document in Hong Kong. Only the person to whom a copy of this document has been issued may take action in response to this document. The Offer is personal to the person to whom this document has been delivered, and an acquisition or subscription for securities under the Offer will only be accepted from such person.

This document is confidential to the person to whom it is addressed and no person to whom a copy of this document is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this document to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Offer by the person to whom this document is addressed.

Singapore

This document has not been lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore ("MAS") and therefore, the statutory liability under the Securities and Futures Act (Cap. 289) ("SFA") in relation to the content of prospectuses will not apply. The MAS assumes no responsibility for the contents of this document. The MAS has not in any way considered the merits of the Securities being offered pursuant to the Offer as described in this document. You should consider carefully whether this offer is suitable for you.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with the exemption set out in section 273(1)(b) of the SFA or otherwise in accordance with any other relevant exemption under the SFA.

United States

The Prospectus has not been filed with, or reviewed by, the US Securities and Exchange Commission or any state securities authority and none of them has passed upon or endorsed the merits of the Offer or the accuracy, adequacy or completeness of the Prospectus. Any representation to the contrary is a criminal offence.

The shares to be issued pursuant to the Offer have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any US state or other jurisdiction. The Offer is not being made in any US state or other jurisdiction where it is not legally permitted to do so.

You should note that the Offer is made for the securities of an Australian company in accordance with the laws of Australia and the listing rules of the Australian Securities Exchange. The Offer is subject to disclosure requirements of Australia that are different from those of the United States.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws, since the Company is located in Australia and most of its officers and directors are residents of Australia. You may not be able to sue the Company or its officers or directors in Australia for violations of the US securities laws. It may be difficult to compel the Company and its affiliates to subject themselves to a US court's judgment.

You should be aware that the Company may purchase securities otherwise than under the Offer, such as in privately negotiated purchases.

08 INVESTIGATING ACCOUNTANTS REPORT

HLB Mann Judd Corporate (WA) Pty Ltd
ACN 008 878 555
Licensed Investment Adviser

3 November 2016

The Directors
Dreamscape Networks Limited
Level 2, 8 Howlett Street
NORTH PERTH WA 6006

Dear Sirs

LIMITED ASSURANCE INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

We have been engaged by Dreamscape Networks Limited (the "Company") to prepare a report on the historical and forecast financial information of the Company ("Report") for inclusion in the prospectus to be dated on or about 3 November 2016 ("Prospectus") and relating to the proposed initial public offering of shares in the Company.

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The nature of this Report is such that it can only be issued by an entity which holds an Australian financial services licence under the *Corporations Act 2001*. HLB Mann Judd Corporate (WA) Pty Ltd, which is wholly owned by HLB Mann Judd holds the appropriate Australian financial services licence under the *Corporations Act 2001*. This Report comprises an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached in Appendix A.

Scope
You have requested HLB Mann Judd Corporate (WA) Pty Ltd to perform a limited assurance engagement in relation to the statutory and pro forma historical and forecast financial information of the Company included in the Prospectus. This financial information is presented in the Prospectus in an abbreviated form, as it does not include all of the presentation and disclosure requirements of Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*. This financial information is summarised below:

Statutory Historical Financial Information
- The statutory consolidated statements of profit and loss for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- The statutory historical consolidated cash flows for the years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
- The statutory historical consolidated statement of financial position as at 30 June 2016,

(together the "Statutory Historical Financial Information").

As disclosed in section 4.2 of the Prospectus, the Company was incorporated on 27 April 2016 for the sole purpose of acquiring 100% of the issued share capital of Pandora Enterprise Holdings Ltd. Pandora Enterprise Holdings Ltd is the parent entity of Dreamscape Networks FZ LLC and its subsidiaries ("Dreamscape Networks"). The acquisition of Dreamscape Networks by the Company has the features of a reverse acquisition under Australian Accounting Standard AASB 3 "*Business Combinations*", notwithstanding Dreamscape Networks Limited being the legal parent of the Group. Consequently, the historical financial information presented in the Prospectus is the historical financial information of Dreamscape Networks. The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Statutory Historical Financial Information has been extracted from the financial reports of the Pandora Enterprise Holdings Ltd group for the years ended 30 June 2014, 30 June 2015 and 30 June 2016 which were audited by HLB Trinity Financial Services Ltd in accordance with International Standards on Auditing. Compliance with International Standards on Auditing ensures compliance with Australian Auditing Standards. HLB Trinity Financial Services Ltd issued unmodified audit opinions on the financial reports for the years ended 30 June 2014, 30 June 2015 and 30 June 2016. The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Financial Information

- The pro forma consolidated statements of profit or loss for the years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- The pro forma consolidated statements of cash flows for the years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
- The pro forma consolidated statement of financial position as at 30 June 2016,

(together the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in sections 4.3, 4.4 and 4.5 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in sections 4.3, 4.4 and 4.5 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance and cash flows.

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively referred to in the Prospectus as the "Historical Financial Information".

Statutory Forecast Financial Information

- The statutory forecast consolidated statement of profit or loss and cash flows for the year ending 30 June 2017 (the "Statutory Forecast Financial Information").

The directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in section 4.7 of the Prospectus. The stated basis of preparation used in the preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Forecast Financial Information

- The pro forma forecast consolidated statement of profit or loss and cash flows for the year ending 30 June 2017 (the "Pro Forma Forecast Financial Information").

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are collectively referred to as the "Forecast Financial Information".

The Pro Forma Forecast Financial Information has been derived from the Company's Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in section 4.3 and 4.5 of the Prospectus. The stated basis of preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in the Australian Accounting Standards applied to the forecast and the events or transactions to which the pro forma adjustments relate, as described in sections 4.3 and 4.5 of the Prospectus, as if those events or transactions had occurred as at 30 June 2016. Due to its nature, the Forecast Financial Information does not represent the Company's actual prospective financial performance and cash flows for the year ending 30 June 2017.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Statutory and Pro Forma Historical Financial Information and the Forecast Financial Information, including their basis of preparation and the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information.

The directors of the Company are also responsible for the preparation of the Statutory and Pro Forma Forecast Financial Information, including their basis of preparation and the best-estimate assumptions underlying the Forecast Financial Information. They are also responsible for the preparation and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information. This includes responsibility for their compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of statutory historical financial information, pro forma historical financial information, a statutory forecast and a pro forma forecast that are free from material misstatement.

Our responsibility

Our responsibility it to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information, the best-estimate assumptions underlying the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, and the reasonableness of the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement *ASAE 3450 Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information.*

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Our engagement did not involve updating or reissuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in sections 4.3, 4.4 and 4.5 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company as described in sections 4.3, 4.4 and 4.5 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in sections 4.3, 4.4 and 4.5 of the Prospectus, as if those events of transactions had occurred as at the date of the Statutory Historical Financial Information.

Statutory Forecast Financial Information
Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- The directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- In all material respects, the Statutory Forecast Financial Information:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in sections 4.3, 4.4 and 4.5 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- The Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information
Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- The directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and
- In all material respects, the Pro Forma Forecast Financial Information:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in sections 4.3, 4.4 and 4.5 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; applied to the Statutory Forecast Financial Information and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
- The Pro Forma Forecast Financial Information itself is unreasonable.

Forecast Financial Information
The Forecast Financial Information has been prepared by management and adopted by the directors in order to provide prospective investors with a guide as to the potential financial performance of the Company for the year ending 30 June 2017. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Forecast Financial Information are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this repot has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in section 5 of the Prospectus. The sensitively analysis described in section 4.7 of the Prospectus demonstrates the impact on the Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

The Forecast Financial Information have been prepared by the directors for the purpose of inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report, or on the Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia
Under the terms of our engagement this Report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements. This does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use
Without modifying our conclusions, we draw attention to section 4.2 of the Prospectus, which describe the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent
HLB Mann Judd Corporate (WA) Pty Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Liability
The liability of HLB Mann Judd Corporate (WA) Pty Ltd is limited to the inclusion of this Report in the Prospectus. HLB Mann Judd Corporate (WA) Pty Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest
HLB Mann Judd Corporate (WA) Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide
We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully
HLB MANN JUDD CORPORATE (WA) PTY LTD

L DI GIALLONARDO
Authorised Representative

HLB Mann Judd Corporate (WA) Pty Ltd
ACN 008 878 555
Licensed Investment Adviser

APPENDIX A - FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 3 November 2016

1. HLB Mann Judd Corporate (WA) Pty Ltd

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 ("HLB Mann Judd Corporate" or **"we"** or **"us"** or **"ours"** as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No. 250903**;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services;
- superannuation; and
- debentures, stocks or bonds issued or proposed to be issued by a government.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

HLB Mann Judd Corporate (WA) Pty Ltd AFSL 250903
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd Corporate (WA) Pty Ltd
ACN 008 878 555
Licensed Investment Adviser

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. In the preparation of this Report, our fees are charged on a fixed basis and amount to $150,000 exclusive of GST. Directors of HLB Mann Judd Corporate may receive distributions or salaries or wages from entities associated with HLB Mann Judd Corporate.

Except for the fees referred to above, neither HLB Mann Judd Corporate, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

6. Other benefits received by us

HLB Mann Judd Corporate has no employees. All personnel who complete reports for HLB Mann Judd Corporate are partners of HLB Mann Judd (WA Partnership). None of those partners are eligible for bonuses directly in connection with any engagement for the provision of this Report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

HLB Mann Judd Corporate is wholly owned by HLB Mann Judd (WA Partnership). Also, our directors are partners in HLB Mann Judd (WA Partnership). Ultimately the partners of HLB Mann Judd (WA Partnership) own and control HLB Mann Judd Corporate.

From time to time HLB Mann Judd Corporate, HLB Mann Judd (WA Partnership) or a related entity may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

HLB Mann Judd Corporate (WA) Pty Ltd AFSL 250903
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

9. Complaints resolution

9.1. Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (WA) Pty Ltd, Level 4, 130 Stirling Street, Perth WA 6000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **seven days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

9.2 Referral to external disputes resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (**"FOS"**). FOS independently and impartially resolves disputes between consumers, including some small business, and participating financial services providers.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details at the foot of this FSG.

HLB Mann Judd Corporate (WA) Pty Ltd AFSL 250903
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

09 ADDITIONAL INFORMATION

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ADDITIONAL INFORMATION

9.1 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules, the Shares are freely transferable.

(g) Variation of rights

Pursuant to Section 246B to 246E of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

9.2 Performance Rights

DN8 intends to issue a total of 3,820,000 performance rights (**Performance Rights**) subject to ASX approval.

1. VESTING TERMS

Each (1) Performance Right is convertible into one (1) fully paid ordinary share in the capital of DN8, upon the following milestones being achieved collectively (Vesting Conditions):

a. Tranche 1:

Vesting Condition 1 means the Holder remaining in employment within DN8 (or a subsidiary of DN8) at 30 June 2017.

Expiry Date: means 31 July 2017.

b. Tranche 2:

Vesting Condition 2 means the Holder remaining in employment within DN8 (or a subsidiary of DN8) at 30 June 2018.

Expiry Date means 31 July 2018.

c. Tranche 3:

Vesting Condition 3 means the Holder remaining in employment within DN8 (or a subsidiary of DN8) at 30 June 2019.

Expiry Date means 31 July 2019.

Name	Position	Vesting Conditions	Rights
Tony Sparks	Group Finance Executive and Company Secretary	Vesting Condition 1	200,000
		Vesting Condition 2	200,000
		Vesting Condition 3	200,000
Senior Employees	Various	Vesting Condition 1	1,073,333
		Vesting Condition 2	1,073,333
		Vesting Condition 3	1,073,333
Total			**3,820,000**

2. GENERAL TERMS

a. The Performance Rights shall expire at 5.00pm WST on the respective expiry date for each of Tranche 1, 2 and 3 (**Expiry Date**).

b. The Performance Rights will be granted for nil consideration, as their primary purpose is to provide a performance and retention linked incentive component in the remuneration package of the persons listed above (**Holders**), to motivate and reward their performance with DN8.

c. DN8 has applied to the ASX for approval of the terms of the Performance Rights. If the proposed terms are not approved by ASX, the parties shall negotiate in good faith a restructuring of the securities to be issued to the parties such that the parties receive equivalent incentivisation.

d. The Performance Rights will not convert to ordinary Shares of DN8 until such time as the Vesting Conditions referred to above have been satisfied.

e. Prior to conversion, the Performance Rights have no voting rights, dividend rights or other capital rights.

f. The Board may, at its discretion, and by notice to the Holders, adjust or vary the terms of a Performance Right, subject to the requirements of the Listing Rules. No adjustment or variation will be made without the consent of each Holder if such adjustment or variation would have a materially prejudicial effect upon that Holder (in respect of their outstanding Performance Rights).

g. The Performance Rights are otherwise subject to the following standard terms and conditions:

(i) (**No Voting Rights**) The Performance Rights do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of DN8.

(ii) (**No Dividend Rights**) The Performance Rights do not entitle the Holder to any dividends.

(iii) (**Rights on Winding Up**) The Performance Rights do not entitle the Holder to participate in the surplus profits or assets of DN8 upon winding up of DN8.

(iv) (**Not Transferable**) The Performance Rights are not transferable.

(v) (**Not Quoted**) The Performance Rights will not be quoted on ASX. However, upon conversion of the Performance Rights into Shares, DN8 must, within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.

(vi) (**Participation in Entitlements and Bonus Issues**) Holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues, unless and until the Holder is entitled to exercise the Performance Rights, and does so before the record date for the determination of entitlements to the new issue of securities and participates as a result of being a holder of Shares.

(vii) (**No Other Rights**) The Performance Rights give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

3. CONVERSION OF PERFORMANCE RIGHTS

a. A certificate or holding statement will be issued to each Holder for their respective Performance Rights.

b. Holders may only convert their Performance Rights by delivering to the Company Secretary, in the period between the relevant Vesting Condition and the relevant Expiry Date:

(i) the certificate or holding statement for the Performance Rights or, if either or both have been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of DN8 against any loss, costs or expenses which might be incurred by DN8 by relying on the declaration;

(ii) a notice signed by the Holder stating the Holder wishes to convert the Performance Rights and specifying the number of Performance Rights which are converted.

c. Performance Rights may be exercised in one or more parcels of any size in multiples of 10,000 or all Performance Rights granted to the Holder that the Holder is then entitled to exercise. An exercise of only some Performance Rights shall not affect the rights of the Holder to the balance of the Performance Rights held by the Holder.

d. DN8 shall issue Shares and deliver holding statements following exercise within 10 Business Days of receipt of the notice described in 3(b)(ii).

e. Shares issued following conversion of a Performance Right shall rank, from the date of issue, equally with existing Shares of DN8 in all respects.

4. LAPSE OF PERFORMANCE RIGHTS

a. Subject to clauses 4(b) and 4(c), every Performance Right will lapse immediately and all rights attaching to the Performance Rights will be lost:

(i) if the Holder ceases to be an employee or Director of, or to render services to, a member of the Group for any reason whatsoever (including without limitation resignation or termination for cause) and the relevant Vesting Condition has not been met; or

(ii) the Vesting Conditions are unable to be met; or

(iii) the Expiry Date has passed;
whichever is earlier.

b. If the term of a Performance Right would otherwise expire outside a trading window applicable to the Holder, then the term of such Performance Right shall be extended to the close of business on the 10th Business Day during the next trading window applicable to the Holder.

c. If the Holder dies, becomes permanently disabled, resigns employment on the basis of retirement from the workforce or is made redundant by the relevant member of the Group, prior to the Expiry Date of any Performance Rights granted to the Holder (Ceasing Event) the following provisions apply:

(i) the Holder or the Holder's personal legal representative, where relevant, may exercise those Performance Rights which at that date:

(1) have become exercisable;

(2) have not already been exercised; and

(3) have not lapsed,
in accordance with clause 4(c)(iii);

(ii) at the absolute discretion of the Board, the Board may resolve that the Holder, or the Holder's personal legal representative, where relevant, may exercise those Performance Rights which at that date:

(1) have not become exercisable; and

(2) have not lapsed,
in accordance with clause 4(c)(iii) and, if the Board exercises that discretion, those Performance Rights will not lapse other than as provided in clause 4(c)(iii);

(iii) the Holder or the Holder's personal legal representative (as the case may be) must exercise the Performance Rights referred to in clause 4(c)(i) and, where permitted, clause 4(c)(ii), not later than the earliest of:

(1) the Expiry Date of the relevant Performance Rights; and

(2) the date which is 6 months after the Ceasing Event provided that in the case of Performance Rights referred to in clause 4(c)(ii), all Vesting Conditions have been met at that time (unless the Board decides to waive any relevant Vesting Conditions, in its absolute discretion); and

(iv) Performance Rights which have not been exercised by the end of the period specified in clause 4(c)(iii) lapse immediately at the end of that period.

d. Where the Holder ceases to be a Holder for any reason whatsoever (including without limitation resignation or termination for cause), prior to the Expiry Date in relation to the Performance Rights, however the relevant Vesting Condition has been met, the Holder is entitled to exercise the Performance Rights for a period of up to 1 month after the date which the Holder ceased to be a Holder, after which the Performance Rights will lapse immediately.

5. CHANGE IN CONTROL EVENT

a. Change in Control Event means:
   - (i) the occurrence of:
     - (1) the offeror under a takeover offer in respect of Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
     - (2) that takeover bid has become unconditional; or
   - (ii) the announcement by DN8 that:
     - (1) shareholders of DN8 have at a Court convened meeting of shareholders voted in favour, by the necessary majority of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party; and
     - (2) the Court, by order, approves the scheme of arrangement.

b. On the occurrence of a Change of Control Event, the Board may in its sole and absolute discretion determine that unvested Performance Rights will vest despite the non-satisfaction of any Vesting Conditions and become exercisable in accordance with clause 2(b), with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Holder is terminated or ceases in connection with the Change of Control Event.

c. Whether or not the Board determines to accelerate the vesting of any Performance Rights, DN8 shall give written notice of any proposed Change of Control Event to the Holder. Upon the giving of any such notice the Participant shall be entitled to exercise, at any time within the 14-day period following the giving of such notice, all or a portion of those Performance Rights granted to the Holder which are then vested and exercisable in accordance with their terms, as well as any unvested Performance Rights which shall become vested and exercisable in connection with the completion of such Change of Control Event. Unless the Board determines otherwise (in its sole and absolute discretion), upon the expiration of such 14-day period, all rights of the Holder to exercise any outstanding Performance Rights, whether vested or unvested, shall terminate and all such Performance Rights shall immediately lapse, expire and cease to have any further force or effect, subject to the completion of the relevant Change of Control Event.

d. In any event, the maximum number of Performance Rights that can be converted into Shares and issued upon a Change of Control Event pursuant to this clause 4 must not exceed 10% of the issued share capital of DN8 (as at the date of the Change in Control event).

9.3 Director and Management Options

DN8 intends to issue a total of 27,500,000 options (Options) subject to ASX approval.

1. VESTING TERMS

Each (1) Option is exercisable into one (1) fully paid ordinary share in the capital of DN8, upon the following milestones being achieved, and at the following exercise prices, collectively (Vesting Conditions):

a. Tranche 1:

Vesting Condition 1 means the Holder remaining in employment within DN8 (or a subsidiary of DN8) at 30 June 2017.

Expiry Date: means 30 June 2020.

Exercise Price: means $0.25.

b. Tranche 2:

Vesting Condition 2 means the Holder remaining in employment within DN8 (or a subsidiary of DN8) at 30 June 2018.

Expiry Date means 30 June 2021.

Exercise Price means $0.35.

c. Tranche 3:

Vesting Condition 3 means the Holder remaining in employment within DN8 (or a subsidiary of DN8) at 30 June 2019.

Expiry Date means 30 June 2022.

Exercise Price means $0.45.

Name	Position	Vesting Conditions	Rights
Peter James	Non – Executive Chairman	Vesting Condition 1	3,800,000
		Vesting Condition 2	2,850,000
		Vesting Condition 3	2,850,000
Mark Evans	CEO and Managing Director	Vesting Condition 1	2,000,000
		Vesting Condition 2	1,500,000
		Vesting Condition 3	1,500,000
Gavin Gibson	COO and Executive Director	Vesting Condition 1	1,200,000
		Vesting Condition 2	900,000
		Vesting Condition 3	900,000
Michael Malone	Non-Executive Director	Vesting Condition 1	2,000,000
		Vesting Condition 2	1,500,000
		Vesting Condition 3	1,500,000
Evan Cross	Non-Executive Director	Vesting Condition 1	1,000,000
		Vesting Condition 2	750,000
		Vesting Condition 3	750,000
Tony Sparks	Group Finance Executive and Company Secretary	Vesting Condition 1	1,000,000
		Vesting Condition 2	750,000
		Vesting Condition 3	750,000
Total			**27,500,000**

2. GENERAL TERMS

a. The Options shall automatically vest in the option holders at 5.00pm WST on the date of the relevant Vesting Condition.

b. The Options shall expire and lapse at 5.00pm WST on the respective expiry date for each of Tranche 1, 2 and 3 (**Expiry Date**).

c. Each Option shall be issued for no consideration, as their primary purpose is to provide a performance linked incentive component in the remuneration package of the persons listed above (**Holders**), to motivate and reward their performance with DN8.

d. Following vesting, Options may be exercised at the Exercise Price, at any time prior to the Expiry Date.

e. Partial exercise of Holder's vested options does not affect the rights attaching to all other vested options.

f. If there is a pro rata issue (except a bonus issue) to the holders of ordinary Shares, there will be no adjustment to the exercise price of the Options.

g. Shares allotted pursuant to an exercise of Options rank, from the date of allotment, equally with the existing ordinary Shares in all respects.

h. DN8 has applied to the ASX for approval of the terms of the Options. If the proposed terms are not approved by ASX, the parties shall negotiate in good faith a restructuring of the securities to be issued to the parties such that the parties receive equivalent incentivisation.

i. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of DN8, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

j. The Board may, at its discretion, and by notice to the Holders, adjust or vary the terms of an Option, subject to the requirements of the Listing Rules. No adjustment or variation will be made without the consent of each Holder if such adjustment or variation would have a materially prejudicial effect upon that Holder (in respect of their outstanding Options).

k. The Options are otherwise subject to the following standard terms and conditions:

   (i) (**No Voting Rights**) The Options do not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of DN8.

   (ii) (**No Dividend Rights**) The Options do not entitle the Holder to any dividends.

   (iii) (**Rights on Winding Up**) The Options do not entitle the Holder to participate in the surplus profits or assets of DN8 upon winding up of DN8.

   (iv) (**Not Transferable**) The Options are not transferable.

   (v) (**Change in Control Event**) means:

      (1) the occurrence of:

         (I) the offeror under a takeover offer in respect of Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and

         (II) that takeover bid has become unconditional; or

      (2) the announcement by DN8 that:

         (I) shareholders of DN8 have at a Court convened meeting of shareholders voted in favour, by the necessary majority of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party; and

         (II) the Court, by order, approves the scheme of arrangement.

   On the occurrence of a Change of Control Event, the Options immediately vest in the option holders and become exercisable, however, the maximum number of Options that can be converted into Shares and issued upon a Change of Control Event must not exceed 10% of the issued share capital of DN8 (as at the date of the Change in Control event).

(vi) (**Not Quoted**) The Options will not be quoted on ASX. However, upon conversion of the Options into Shares, DN8 must, within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.

(vii) (**Participation in Entitlements and Bonus Issues**) Holders will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues, unless and until the Holder is entitled to exercise the Options, and does so before the record date for the determination of entitlements to the new issue of securities and participates as a result of being a Shareholder.

(viii) (**No Other Rights**) The Options give Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

3. EXERCISE OF OPTIONS

a. Options may be exercised by the Holder delivering to the Company Secretary (at any time after vesting and before their Expiry Date):

(i) the certificate for the Options or, if the certificate for the Options is destroyed or lost, a declaration to that effect, accompanied by an indemnity in favour of DN8 against any loss, costs or expenses which might be incurred by DN8 as a consequence of its relying on the declaration;

(ii) a notice addressed to the Company and signed by the participant stating that the holder exercises the Options and specifying the number of Options being exercised; and

(iii) subject to 3 below, payment to DN8 of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised.

4. CASHLESS EXERCISE

In lieu of paying the aggregate Exercise Price to purchase Shares under 2(iii), the Board may, in its sole and absolute discretion, permit a Participant to elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options, a number of Shares determined in accordance with the following formula (a Cashless Exercise):

$$A = \frac{B(C-D)}{C}$$

where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the Participant pursuant to this clause;

B = the number of Shares otherwise issuable upon the exercise of the Option or portion of the Option being exercised;

C = the Market Value of one Share determined as of the date of delivery to the Company Secretary of the items referred to in 2(i) and f(ii); and

D = the Exercise Price.

9.4 Lead Manager Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

a. Each Option gives the Option holder the right to subscribe for one Share.

b. The Options will expire at 5.00pm (WST) on 31 December 2019 (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

c. The amount payable upon exercise of each Option will be $0.25 (Exercise Price).

d. The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.

e. An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:

   (i) a written notice of exercise of Options specifying the number of Options being exercised; and

   (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

f. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

g. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

h. The Options are not transferable.

i. All Shares issued upon the exercise of the Options will upon issue rank pari passu in all respects with other Shares.

j. The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares issued pursuant to the exercise of the Options on ASX within 10 Business Days after the date of issue of those Shares.

k. If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

l. There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

m. An Option does not confer the right to a change in exercise price or a change in the number of underlying Securities over which the Option can be exercised.

9.5 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

9.6 Regulatory Relief and Waivers

9.6.1 ASIC relief an ASX waivers and confirmations

ASIC relief

The Company has applied for relief from ASIC in order for the Company to not have a relevant interest in Shares the subject of the voluntary escrow arrangements (described in Section 6.6.2) for the purposes of Chapter 6 of the Corporations Act.

ASX waivers and confirmations

The Company has applied to ASX for the following waivers from, and confirmations in respect of, the ASX Listing Rules:

a. a waiver of ASX Listing Rule 1.1, condition 11 in connection with the issue of Performance Rights with an effective nil exercise price ; and
b. confirmation that the terms and conditions of the Performance Rights are suitable for a listed company pursuant to Listing Rule 6.1.

9.7 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

a. person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
b. promoter of the Company; or
c. underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the two years before lodgement of this Prospectus with ASIC, any interest in:

a. the formation or promotion of the Company;
b. property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
c. the Offer,

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

a. to induce him to become, or to qualify him as, a Director; or
b. for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Each of the parties referred to in this Section:

a. does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
b. to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

HLB Mann Judd Corporate (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 8 of this Prospectus. The Company estimates it will pay HLB Mann Judd a total of $150,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, HLB Mann Judd has received fees of $30,825 (excluding GST) from the Company for other services. HLB Mann Judd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 8 of this Prospectus in the form and context in which the information and report is included. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

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ADDITIONAL INFORMATION

Nova Legal has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Nova Legal approximately $280,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Nova Legal has received fees not received fees from the Company in respect of legal services provided to the Company. Nova Legal has given its written consent to being named as the solicitors to the Company in this Prospectus. Nova Legal has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Canaccord has acted as Lead Manager and Underwriter to the Offer. Canaccord will be paid fees and receive other benefits as set out in Sections 6.6.10 and 6.6.11 for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Canaccord has not received fees from the Company for any other services. Canaccord has given its written consent to being named as Lead Manager and Underwriter in this Prospectus in the form and context in which the information and report is included. Canaccord has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Computershare has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and are paid for these services on standard industry terms and conditions. References to Computershare appear for information purposes only. Computershare have not been involved in, authorised or caused the issue of this Prospectus.

HLB Mann Judd has given its written consent to be named as the Company's auditor and to the inclusion of the Company's audited financial information in this Prospectus and to any statements by HLB Mann Judd in its capacity as the Company's auditor in relation to the Company's audited financial information. References to HLB Mann Judd in its capacity as auditor appear for information purposes only. HLB Mann Judd in its capacity as auditor has not been involved in, authorised or caused the issue of this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

HLB Hamt has given its written consent to be named as Dreamscape Networks FZ-LLC's auditor and to the inclusion of Dreamscape Networks FZ-LLC's audited financial information in this Prospectus and to any statements by HLB Hamt in its capacity as Dreamscape Networks FZ-LLC's auditor in relation to Dreamscape Networks FZ-LLC's audited financial information. References to HLB Hamt appear for information purposes only. HLB Hamt has not been involved in, authorised or caused the issue of this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

HLB Trinity Financial Services Ltd (HLB Trinity) has given its written consent to be named as Pandora Enterprise Holding Ltd's auditor and to the inclusion of Pandora Enterprise Holding Ltd's audited financial information in this Prospectus and to any statements by HLB Trinity in its capacity as Pandora Enterprise Holding Ltd's auditor in relation to Pandora Enterprise Holding Ltd's audited financial information. References to HLB Trinity appear for information purposes only. HLB Trinity has not been involved in, authorised or caused the issue of this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

The Vendors (Cloudsafe and Bluegeko) have given their written consent to be named as Vendors in this Prospectus. References to the Vendors appear for information purposes only. The Vendors have not been involved in, authorised or caused the issue of this Prospectus and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

9.8 Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

9.9 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9.10 Tax Status

9.10.1 Taxation considerations

The comments in this section provide a general outline of Australian tax issues for Australian tax resident shareholders who acquire ordinary shares under this Prospectus and that hold shares in the Company on capital account for Australian income tax purposes. The categories of shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their shares on capital account.

This summary does not consider the consequences for foreign resident shareholders (other than noted in this section), insurance companies, banks and shareholders that hold their shares on revenue account or carry on a business of trading in shares, or shareholders who are exempt from Australian tax. This summary also does not cover the consequences for shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth).

The summary in this section is general in nature and is not exhaustive of all income tax consequences that could apply in all circumstances of any given shareholder. The individual circumstances of each shareholder may affect the taxation implications of the investment of the shareholder.

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ADDITIONAL INFORMATION

It is recommended that all shareholders consult their own independent tax advisers regarding the income tax consequences, including capital gains tax, Duties and Australian GST consequences of acquiring, owning and disposing of shares, having regard to their specific circumstances.

The summary in this section is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authority at the time of issue of this Prospectus. The summary does not take into account the tax law of countries other than Australia.

Tax laws are complex and subject to ongoing change. The tax consequences discussed in this section does not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant tax authorities. If there is a change, including a change having retrospective effect, the income tax, duty and GST consequences should be reconsidered by shareholders in light of the changes. The precise implications of ownership or disposal of the shares will depend upon each shareholder's specific circumstances.

This summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to Australian taxation issues and is only one of the matters which needs to be considered by shareholders before making a decision about their investments. Shareholders should consider taking advice from a licenced advisor, before making a decision about their investment to acquire shares under this Prospectus.

The company and its advisers disclaim all liability to any shareholder or other party for all costs, losses, damages and liabilities that the shareholder or other party may suffer or incur arising from or relating to or in any way connected with the contents of this summary or the provision of this summary to the shareholder or any other party or the reliance on it by the shareholder or any other party.

9.10.2 Income tax treatment for the Company

The Company, being incorporated in Australia, is a resident for Australian tax purposes.

As a corporate shareholder, the Company will be assessed on its world-wide income subject to the Australian domestic tax laws.

It is to be noted the majority of its income for the immediate future will be derived through its 100% subsidiary, Dreamscape Networks FZ-LLC (a company incorporated in the United Arab Emirates) which is a non-resident for Australian tax laws. Dreamscape Networks FZ-LLC receives income, in part, from Australian customers.

Generally, an Australian resident company will not be assessed on dividends received from a wholly-owned foreign subsidiary. A wholly-owned foreign subsidiary would fall within the definition of a Controlled Foreign Company (CFC).

However, the accruals taxation system in Australia operates to assess Australian tax residents on an accruals basis on their share of income derived by a CFC (this would include services income received by Dreamscape Networks FZ-LLC from Australian customers) that has not been comparably taxed offshore by attributing the entity's income to the Australian tax resident even if the income has not been distributed. For the immediate future, the Company is likely to be assessable on attributed income from Dreamscape Networks FZ-LLC.

9.10.3 Income tax treatment of dividends received for Australian resident Shareholders

(a) Australian tax resident individuals and complying superannuation entities

Where dividends on a share are paid by the Company, those dividends should constitute assessable income of an Australian tax resident shareholder. Australian tax resident shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credits attached to that dividend.

The rate of tax payable by each Australian shareholder that is an individual will depend on the individual circumstances of the shareholder and their prevailing marginal rate of income tax.

Shareholders who are individuals or complying superannuation entities should be entitled to a 'tax offset' equal to the franking credits attached to the dividend, subject to being a 'qualified person' (refer further comments below). The tax offset can be applied to reduce the tax payable on the shareholder's taxable income. Where the tax offset exceeds the tax payable on the shareholder's taxable income, such shareholders should be entitled to a tax refund.

Where a dividend paid by the company is unfranked, the shareholder should generally be taxed at their prevailing marginal rate on the dividend received, with no tax offset.

(b) Australian tax resident corporate shareholders

Corporate shareholders are also required to include both the dividend and associated franking credits in their assessable income. A tax offset should then be allowed up to the amount of the franking credits on the dividend.

An Australian resident corporate shareholder should be entitled to a credit in its own franking account to the extent of the franking credits attached to the dividend received. Such corporate shareholders can pass on the benefit of the franking credits to their own shareholder(s) on the payment of franked dividends.

Excess franking credits received by a corporate shareholder cannot give rise to a refund, but may in certain circumstances be converted into carry forward tax losses.

(c) Australian tax resident trusts and partnerships

Australian tax resident shareholders who are trustees (other than trustees of 'complying superannuation entities') or partnerships should include the dividend and franking credits in determining the net income of the trust or partnership. A beneficiary, trustee or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership as the case may be.

(d) Australian tax resident shares held 'at risk'

To be eligible for the benefit of franking credits and tax offset, a shareholder must satisfy both the 'holding period' and 'related payment' rules. This requires that a shareholder hold the shares in the company 'at risk' for more than 45 days continuously (not including the date of acquisition and disposal).

Any day on which a shareholder has a materially diminished risk of loss or opportunity for gain in respect of the shares (e.g. through transactions such as granting options or warrants over shares or entering into a contract to sell the shares) will not be counted as a day on which the shareholder held the shares 'at risk'. In addition, a shareholder must not be obliged to make a 'related payment' in respect of any dividend, unless they hold the shares 'at risk' for the required holding period.

Where these rules are not satisfied, the shareholder will not include an amount for the franking credits in their assessable income and should not be entitled to a tax offset.

This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed $5,000. Special rules apply to trusts and beneficiaries.

Shareholders should obtain their own professional tax advice to determine if these requirements, as they apply to them, have been satisfied.

Shareholders should also consider the impact of the integrity measures relating to the denial of franking tax offsets to certain 'distribution washing' arrangements. These integrity measures apply to distributions, including dividends, paid on or after 1 July 2013. Shareholders should have regard to these 'distribution washing' measures together with the broader integrity provisions that apply to the claiming of tax offsets, having regard to their own facts and circumstances.

9.10.4 Income tax treatment of dividends received for Shareholders that are not Australian tax residents ("non-residents")

Dividends that are fully franked paid to non-residents are exempt from Australian income and withholding taxes. Non-resident Shareholders are not entitled to any franking tax offset for franked dividends nor can they reduce the amount of tax payable on other Australian income and cannot receive a refund of the franking credit.

The whole or a portion of an unfranked dividend, relating to foreign income received by the Company, may be declared to be conduit foreign income (CFI). To the extent the unfranked dividend is declared to be conduit foreign income, the Shareholders are exempt from Australian income and withholding taxes on this whole or portion of the unfranked dividend.

Dividends that are unfranked, and not subject to the CFI regime, are subject to a final withholding tax. In the absence of a double taxation agreement between Australia and the country the Shareholder is a resident of, withholding tax is deducted at a rate of 30%. Should a double taxation agreement be in place, withholding tax on dividends is limited to 15% (or less in certain double taxation agreements).

9.10.5 Australian capital gains tax implications for Australian tax resident Shareholders on a disposal of Shares

Most Australian tax resident investors will hold their Shares on capital account and will, therefore, be subject to Australian capital gains tax (CGT) on the disposal of their Shares. Some investors may hold their Shares on revenue account as trading stock, or be subject to the Taxation of Financial Arrangements regime. These investors should seek their own professional advice in respect of the consequences of a disposal of Shares.

The disposal of a share by a shareholder will be a CGT event. A capital gain should arise where the 'capital proceeds' on disposal exceed the 'cost base' of the share (broadly, the amount paid to acquire the share plus any transaction costs incurred in relation to the acquisition or disposal of the shares). In the case of an 'arm's length' on-market sale, the capital proceeds should generally be the cash proceeds received from the sale of the shares.

A CGT discount may be applied against the net capital gain where the shareholder is an individual, complying superannuation entity or trustee, and the shares have been held for at least 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

Where the shareholder is the trustee of a trust that has held the shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies or non-residents.

Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised where the reduced cost base of the share exceeds the capital proceeds from disposal.

Capital losses may only be offset against capital gains realised by the shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied.

Capital losses cannot be offset against other forms of assessable income.

9.10.6 Australian capital gains tax implications for Shareholders that are not Australian tax residents on a disposal of Shares

To the extent the shares held in the Company are not indirect Australian Real Property Interests as defined in Division 855 of the Income Tax Assessment Act 1997 (Cth), the non-resident should generally not be liable for capital gains tax on the disposal of their Shares.

9.10.7 Tax File Numbers and Australian Business Numbers

Shareholders are not required to quote their Tax File number, or, where relevant, Australian Business Number to the company. However, if a valid TFN, a valid ABN or exemption details are not provided, Australian tax may be required to be deducted by the company from distributions and/or unfranked dividends at the maximum marginal tax rate plus any relevant levy (for example, the Medicare levy). An additional Temporary Budget Repair levy of 2% will be imposed on the portion of an individual investor's taxable income that exceeds $180,000 for the 2016 and 2017 income years. Australian tax should not be required to be deducted by the company in respect of fully franked dividends.

A shareholder that holds shares as part of an enterprise may quote their ABN instead of their TFN. Non residents are exempt from this requirement.

9.10.8 Duty

Shareholders should not be liable for duty in respect of the acquisition of their shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in the company. Under current duty legislation, no duty would ordinarily be payable by shareholders on any subsequent transfer of their shares while the company remains listed.

9.10.9 Australian Goods and Services Tax

No GST should be payable by shareholders in respect of the acquisition or disposal of their shares in the company, regardless of whether or not the shareholder is registered for GST.

Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the shares. Separate GST advice should be sought by shareholders in this respect relevant to their particular circumstances.

No GST should be payable by shareholders on receiving dividends distributed by the company.

9.11 Corporate Structure

As at the date of this Prospectus, Dreamscape Networks Limited has no subsidiaries and Pandora Enterprise Holdings Ltd is the ultimate parent entity of the Group. Following Completion of the Acquisition under the Share Sale Agreement, Pandora Enterprise Holdings Ltd will become a wholly owned subsidiary of Dreamscape Networks Limited.

The following table represents the DN8 Group structure (post Completion of the Acquisition):

Entity Name[1]	Entity Type and Nature of Business	Entity Location
Pandora Enterprise Holdings Ltd	Holding company of Group, no material operations	British Virgin Islands
Dreamscape Networks FZ-LLC	Main operating entity	United Arab Emirates
Crazy Domains FZ-LLC	Global Accreditations	United Arab Emirates
Web Address Registration Pty Ltd	Australian Accreditations	Australia
Dreamscape Networks (Australia) Pty Ltd	Australian operating entity	Australia
Dreamscape Networks Inc.	Cebu Technical Support and Customer Care Centre	Philippines
Dreamscape Networks LLC	Kiev office for design, development and system administration	Ukraine
Dreamscape Networks Pte. Ltd.	Global payments merchant	Singapore
Dreamscape Networks Europe Limited	Limited European operations	Cyprus
Dreamscape Networks Inc.	Minimal US operations	United States of America
Crazy Domains Private Limited	Dormant entity	India
Dreamscape Networks (Thailand) Co. Ltd.	Dormant entity	Thailand
Dreamscape Networks Limited	Dormant entity, applied for deregistration	Hong Kong

1. The above entities are or will be wholly owned subsidiaries of DN8 (legally and/or beneficially), via the respective Group entities.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

10.1 Basis of Preparation

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(b) Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars (AUD) which is the functional and presentation currency of the DN8 Group. All financial information presented in AUD has been rounded to the nearest million unless otherwise stated.

10.2 Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of DN8 as at 30 June 2016 and the results of its subsidiaries for the year then ended. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. DN8 and its subsidiaries together are referred to in this financial report as the DN8 Group or the consolidated entity.

Subsidiaries are all those entities over which the DN8 Group has control over the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. Control is achieved when the DN8 Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are fully consolidated from the date on which control is transferred to the DN8 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between DN8 Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the DN8 Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the investor less any impairment charges.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

If the DN8 Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in the profit or loss. Any investment retained is recognised at fair value.

(b) Foreign currencies

(i) Transactions and balances

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities arising in foreign currencies are converted into AUD, being the DN8 Group's presentation currency, at the rates of exchange prevailing on the date of the consolidated statement of financial position and any gain or loss arising thereon is charged to the consolidated statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

(ii) Foreign-controlled entities

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such Investments, are taken to shareholders' equity. When a foreign operation is sold, ceases operation or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the DN8 Group's activities. The DN8 Group recognises revenue when the amount of revenue can be reliably measured, when the significant risks and rewards of ownership of the product has been transferred to the buyer and when it is probable that the future economic benefits will flow to the DN8 Group.

Revenue is recognised on a time proportion basis for the period to which it relates. Where revenue is received in advance, the revenue is deferred and disclosed as a current or non-current liability in the consolidated statement of financial position, depending on the period for which it relates.

(iii) Domain registration, hosting, and web designing

Revenue from the principal activities of the DN8 Group is recognised on a straight-line basis over the subscription period or term to which the product relates.

(iv) Revenue from services

Revenue from services is recognised in the accounting period in which the services are rendered.

(v) Finance income

Finance income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.

(d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability

10 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(e) Impairment of Non-financial Assets

At the end of each reporting period, the DN8 Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, current accounts with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less any impairment provision. Trade receivables are generally due for settlement between 30 to 90 days from the invoice date.

(h) Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and any identified impairment loss. The cost of property and equipment represents purchase cost together with any incidental expenses of acquisition.

Property and equipment are depreciated using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual values over the expected useful lives of the assets as follows:

Data centre equipment	2-3 years
Leasehold improvements	3-5 years
Computer equipment	2-3 years
Furniture and fixtures	4-5 years
Motor vehicles	5 years

The assets' residual value, useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from these assets. An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

(i) Intangible Assets

(vi) Goodwill

Goodwill represents the excess of the cost of investment over the fair value of the DN8 Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

At each reporting date, the DN8 Group assesses whether there is any indication that goodwill may be impaired. If such indication exists the entity estimates the recoverable amount of the asset. Impairment losses on goodwill are not reversed.

(vii) Other intangible assets

Other intangible assets acquired separately are carried at cost less accumulated amortisation and any identified impairment loss. Amortisation is charged on a straight-line basis over their estimated useful lives. All intangible assets are considered to have a finite useful life. When it is not possible to make a reliable estimate of the useful life of an intangible asset, the life is be presumed to be ten years. The estimated useful lives are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

(viii) Software

Software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of two years.

(j) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the DN8 Group prior to the end of financial year which are unpaid. These amounts are carried at amortised cost and due to their short term nature they are not discounted. These amounts are unsecured and are usually paid within 30 days of recognition.

(k) Provisions and Employee Benefits

Provisions are recognised when the DN8 Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are classified as current liabilities unless the DN8 Group has an expectation that the settlement of the liability will occur at least 12 months after the reporting date.

(ix) Employee benefits

Liabilities for salaries and other employee benefits such as annual leave and vesting personal leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date.

A provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by the employees up to the date of the consolidated statement of financial position. The provision relating to the annual leave and leave passage is classified and included in accruals as a current liability, while that relating to employees' end of service benefits is disclosed as a non-current liability as it is not expected to be settled within 12 months.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(x) Equity-based compensation

The DN8 Group provides benefits to employees (including senior executives) of the DNA Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black & Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of DN8 (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the DN8 Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

(xi) End of service and retirement benefits

For Dreamscape Networks FZ-LLC, an entity incorporated and domiciled in the United Arab Emirates (UAE), end of service benefits are computed pursuant to the applicable UAE federal law based on the employees' accumulated period of service and current remuneration at the date of the consolidated statement of financial position.

For Dreamscape Networks Inc., an entity incorporated and domiciled in the Philippines, retirement benefit is computed as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

11 DIRECTORS' AUTHORISATION

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DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Peter James
Non-Executive Chairman
For and on behalf of
Dreamscape Networks Limited

12 GLOSSARY

12 GLOSSARY

For personal use only

12. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

$ means an Australian dollar.

Acquisition means DN8's acquisition of the Group pursuant to the terms and conditions of the Share Sale Agreement.

Active Members means Active Members are members who have a domain, product or service that's current and has been paid for.

Active Product means the quantity of individual products registered with the company which are not expired, deleted or cancelled.

Adjusted EBITDA is a measure of our performance aligning our bookings and operating expenditures. It is used as a focus of management to evaluate the profitability of our business.

Applicant means an applicant for Shares under the Offer under this Prospectus pursuant to an Application Form.

Application means an application for Shares under the Offer under this Prospectus pursuant to an Application Form.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX Listing Rules means the official listing rules of ASX.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ATL means Above the Line, marketing that is delivered in a mass media format such as TV, radio, billboards and newspapers.

auDA means .au Domain Administration Ltd.

Average Revenue Per User (ARPU) means total Bookings within previous 12 months divided by unique Active Members who had a product and/or service and made a payment within that same period.

BDS means Business Development Specialists.

Board means the board of Directors of the Company as constituted from time to time.

Bookings means bookings of our products and services, including subscription and non-subscription based products. As a non-IFRS financial measure, Bookings refer to the gross amount of revenue generated from the sale of all products at a given period, before refunds and any sales adjustments. This includes both non-subscription and subscription based products for domains, hosting and solutions. Bookings disregard the subscription term of the products sold, which is an essential requirement for revenue recognition under IFRS. With that, Bookings reflect only the actual sales earned at a given period and provide an accurate indication of the revenue growth, the effectiveness of our sales efforts in a given period, and the operating performance of our business.

Broker means any ASX participating organisation selected by the Lead Manager to participate in the Broker Firm Offer.

Broker Firm Offer means the offer of Shares under this Prospectus to eligible clients who have received a firm allocation of Shares from their Broker.

Canaccord means Canaccord Genuity (Australia) Limited.

Cash Generated from Operations is a measure of our performance calculated as Adjusted EBITDA less capital expenditures and acquisitions of intangibles.

CCS means Customer Care Specialists, our customer support agents handling telephone, email and chat enquiries.

CFC means Controlled Foreign Company.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Cloud means a software delivery method whereby software is delivered over the internet and hosted by the provider or a third party hosting provider, rather than on the user's local system, enabling the user to access the software at any time, at any location and from any internet connected device.

CMS means Cloud and Content Management System, a system that manages website content and allows a user to edit the site without coding knowledge.

Completion means completion and settlement of the Acquisition under the Share Sale Agreement.

Company or DN8 means Dreamscape Networks Limited (ACN 612 069 842).

Computershare means Computershare Investor Services Pty Limited, the Company's share registry.

Conditions of the Offer means the conditions of the Offer as set out in Section 7.4.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Cost Per Acquisition means marketing costs divided by new Active Members.

Directors means, where the context permits, the directors of the Company at the date of this Prospectus.

DN8 Group means the post-Acquisition group of entities, including DN8, Pandora, Dreamscape Networks FZ-LLC, Crazy Domains FZ-LLC and their subsidiaries, related entities and their businesses.

Domain or Domain Name in general context, means the internet domain or domain name in use for directing traffic to a website and/or emails to the relevant email server.

Domain in the context of the Group's business means products in the domain pillar of the business.

Dreamscape Business means the business of domain name, hosting and online marketing services that enable businesses and consumers to find, establish and grow their online presence—the starting point for an online presence enabling these subscribers to connect with their own online customers or audience as described in Section 2.

Dreamscape Networks or Group (and we, us and our) means, where the context permits, Pandora, Dreamscape Networks FZ-LLC, Crazy Domains FZ-LLC and their subsidiaries, related entities and their businesses).

Duties means Stamp Duty, Transfer Duty and Landholder Duty.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Full Subscription means the full subscription of the Offer, being 100 million Shares at $0.25 each to raise $25 million.

FY means financial year.

GST means goods and services tax.

gTLDs means global Top Level Domains.

Hosted Websites means individual websites where the Group provides the services necessary for hosting and publishing to the internet.

Hosting in general terms is what gives a Domain name a sense of content. It is the physical storage location of a website and email – a data centre which the domain can link to.

Hosting in the context of the Group's business means products in the hosting pillar of the business.

HR means human resources.

ICANN means the Internet Corporation for Assigned Names and Numbers.

IFRS means International Financial Reporting Standards, a set of accounting standards developed by the International Accounting Standards Board.

Institutional Investor means an investor to whom offers or invitations in respect of Shares as part of the Institutional Offer can be made without the need for a lodged offer document or prospectus or other formality, including in Australia to persons to whom offers or invitations in respect of Shares can be made without the need for a lodged disclosure document under section 708 of the Corporations Act, and in New Zealand to persons to whom offers or invitations can be made without the need for a registered prospectus under the Securities Act 1978 (NZ), provided that such a person is not located in the United States.

Institutional Offer means the invitation to Institutional Investors to acquire Shares under this Prospectus as described in Section 7.7.

KPI means key performance indicator.

Lead Manager means Canaccord Genuity (Australia) Limited.

Lead Manager Mandate means the agreement described in Section 6.6.11.

Lifetime value means average lifetime of members multiplied by ARPU. Indicates potential Bookings of average Member.

Member means a customer or subscriber of a Dreamscape Networks' product.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 6.

Official List means the official list of ASX.

Offer Price means $0.25.

12 GLOSSARY

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Option holder means a holder of an Option.

Pandora means Pandora Enterprise Holdings Ltd, being the holding company of the Group.

Performance Rights means performance rights which convert into Shares in the Company on the terms and conditions set out in Section 9.2.

Prospectus means this prospectus.

Registrar means an entity which has been accredited by ICANN, a gTLD and/or country code specific registry (or regulatory body) and who manages the reservation, registration, transfers and renewal of domain names.

Renewal Rate means 'Due for renewal' status divided by domains/products renewed.

ROI means return on investment.

Section means a section of this Prospectus.

SEO means search engine optimisation a method of strategies, techniques and tactics used to increase the amount of visitors to a website by obtaining a high-ranking placement in the search results page of a search engine, including Google, Bing, Yahoo and other search engines.

Share means a fully paid ordinary share in the capital of the Company.

Share Sale Agreement means the share sale and purchase agreement between DN8, Pandora and the Vendors in respect of the Acquisition.

Shareholder means a holder of Shares.

SMB means a small to medium sized business.

Solutions means in the context of the Group's business means products in the solutions pillar of the business.

SSL means secure socket layer, a type of privacy security technology which establishes an encrypted link between a browser and a web server.

TLD means Top Level Domain, the domain name extension of a web address (e.g. .AU, .NZ, .COM, .MELBOURNE).

Total Members means members with cleansed and verified contact details who have registered with the Group and are within the Group's database.

Underwriter means Canaccord Genuity (Australia) Limited.

User Experience (UX) is a person's entire experience using a particular product, system or service. It includes the practical, experiential, affective, meaningful and valuable aspects of human–computer interaction and product ownership.

Vendor Shares means 234.4 million Shares issued to the Vendors as part consideration for the Acquisition of the Group pursuant to the terms of the Share Sale Agreement.

Vendors has the meaning set out in Section 6.6.1.

WHOIS is a query and response protocol that is widely used for querying databases that store the registered users or assignees of an internet resource, such as a Domain name, an IP address block, or an autonomous system, but is also used for a wider range of other information.

WST means Western Standard Time as observed in Perth, Western Australia.

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APPLICATION FORM

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APPLICATION FORM

S00000112Q01

Dreamscape Networks Limited

ABN 98 612 069 842

Offer closes at 5.00pm (AWST) on Tuesday, 22 November 2016

Broker Application Form

This Broker Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay. You should read the Prospectus dated 3 November 2016 and any relevant Supplementary Prospectus (if applicable), carefully and in its entirety before completing this Broker Application Form. The Corporations Act prohibits any person from passing on this Broker Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant Supplementary Prospectus (whether in paper or electronic form).

A **I/we apply for**

B **I/we lodge full Application Money**

A$.

Number of Shares in Dreamscape Networks Limited at $0.25 per Share or such lesser number of Shares which may be allocated to me/us. Applications under the Offer must be for a minimum of 8,000 Shares and thereafter in multiples of 2,000 Shares.

C **Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D **Enter the postal address - include State and Postcode**

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E **Enter your contact details**

Contact Name

Telephone Number - Business Hours

( )

F **CHESS Participant**

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

G **Payment details - Please note that funds are unable to be directly debited from your bank account**

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$

Make your cheque, bank draft or money order payable in accordance with the instructions you have received from your Broker.

By submitting this Broker Application Form:

- I/we declare that this Application is complete and lodged according to the Prospectus, and any relevant Supplementary Prospectus, and the declarations/statements on the reverse of this Broker Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Broker Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of Dreamscape Networks Limited.

See overleaf for completion guidelines ➔

How to complete this Broker Application Form

A Number of Shares applied for
Enter the number of Shares you wish to apply for. Applications for Shares must be for a minimum of 8,000 Shares and thereafter in multiples of 2,000 Shares and payment for the Shares must be made in full at the issue price of $0.25 per Share

B Application Monies
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of $0.25 per Share.

C Applicant Name(s)
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F CHESS
Dreamscape Networks Limited will apply to the ASX to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares issued to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Dreamscape Networks Limited and allocated a Securityholder Reference Number (SRN).

G Payment
Make your cheque, bank draft or money order payable in Australian dollars in accordance with the instructions you have received from your Broker. Cheques must be drawn from an Australian bank. Cash will not be accepted.

The total payment amount must agree with the amount shown in Step B.

Applicants under the Broker Firm Offer should not send their Broker Application Form or payment to the Company.
Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Application Form and Application Monies are received by the closing date.

Before completing the Broker Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Broker Application Form, the Applicant declares that this Application for Shares in Dreamscape Networks Limited is upon and subject to the terms of the Prospectus and the Constitution of Dreamscape Networks Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Broker Application Form.

Lodgement of Application

Applicants under the Broker Firm Offer should not send their Broker Application Form or payment to the Company.

Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Application Form and Application Monies are received by the Closing Date.

Privacy Notice
The personal information you provide on this form maybe collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your security holding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

Correct forms of registrable title(s)
Note that ONLY legal entities are allowed to hold Shares. Broker Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Dreamscape Networks Limited. At least one full given name and the surname is required for each natural person. Broker Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners' personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

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