

FX Networks Limited

Target Company Statement

Prepared in accordance with rule 46 of the Takeovers Code in relation to a takeover offer by
Vocus (New Zealand) Holdings Limited

Date: 19 August 2014

THIS IS AN IMPORTANT DOCUMENT AND IT REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to how to deal with this document please seek advice from your professional advisers.

All references to share prices are stated in NZ\$ unless otherwise noted.

Terms which are used in this Target Company Statement have the meaning given in the Glossary on page 19.

Chairman's Letter to Shareholders

Dear Shareholder

Introduction

Over the last 18 months the Board has been carefully examining the options for FX moving forward, including raising capital, a merger, sale or listing of FX.

At the end of this long process, the Board now believes that the offer from Vocus (the Offer) represents the best outcome for FX Shareholders and the future of FX and, for the reasons outlined in the Target Company Statement, unanimously recommends that you accept the Offer.

Vocus takeover offer

Vocus (New Zealand) Holdings Limited, being the Offeror, has made a full takeover offer for all of the ordinary shares in FX.

Subject to the qualifications referred to below, each FX Shareholder will, in respect of each FX Share held by it, have the option to receive, on settlement of the Offer:

- 16.76 Vocus Shares; or
- the Cash Amount (i.e. NZ\$79.30).

However, please note that the maximum aggregate Cash Amount to be paid in consideration for all of the FX Shares is NZ\$20,310,886. A scaling mechanism may be applied in order to give effect to this Cash Cap. The scaling mechanism is complex but, in general terms, it operates pro-rata between FX Shareholders who accept the Offer and elect for the Cash Amount before the Closing Date. If the Cash Cap applies, Vocus Shares will be transferred to you in place of that part of the Cash Amount not able to be paid to you due to the application of the Cash Cap.

Independent Adviser's Report and valuation of FX Shares

KPMG has been appointed as independent adviser to report on the merits of the Offer. The Independent Adviser's Report is enclosed with this letter.

KPMG has assessed the underlying value of FX Shares in the range of NZ\$70.90 to NZ\$85.10 per FX Share (the midpoint being \$78.00 per FX Share). This is the price that KPMG assesses an entity would be expected to pay to acquire FX as a whole. The Offer consideration that you receive will depend on whether you elect to receive cash or Vocus Shares (and whether the Cash Cap applies). However¹:

- If you elect to receive 100% of the total consideration in cash (and the Cash Cap does not apply), your net proceeds would be \$79.30 per FX Share. This is within the

¹ The following figures are based on the Independent Adviser's Report. In particular, they assume a Vocus Share price of \$A5.10 and an \$A/\$NZ exchange rate of 0.9129 (being the Vocus Share price and exchange rate, respectively, as at 31 July 2014).

Independent Adviser's Valuation Range and 1% more than the midpoint of the Independent Adviser's Valuation Range.

- If all FX Shareholders elected to receive 33% of the total consideration in cash, and the balance in Vocus Shares, then the effective net proceeds for you and each other FX Shareholder would be \$88.90 per FX Share (refer footnote below). This is 4% more than the upper limit of the Independent Adviser's Valuation Range and 14% more than the midpoint of the Independent Adviser's Valuation Range.
- If you elect to receive 100% of the total consideration in Vocus Shares, your effective net proceeds would be \$93.63 per FX Share. This is 10% more than the upper limit of the Independent Adviser's Valuation Range and 20% more than the midpoint of the Independent Adviser's Valuation Range.

The Independent Adviser's Report also notes the following points in its summary of the merits of the Offer:

- The Offer provides FX Shareholders an opportunity to realise the value of their existing investment.
- The consideration under the Offer provides a greater degree of liquidity to FX Shareholders than their current holdings (albeit not to the same extent for those FX Shareholders that will be subject to escrow provisions restricting the sale of Vocus Shares in the 12 months following the transaction).
- Vocus' share price may increase or decrease in the future. FX Shareholders need to consider their exposure to future price volatility (particularly those FX Shareholders whose shares are subject to escrow).
- The Offer provides FX Shareholders the ability to retain some interest in the future of FX via holding Vocus Shares. However, FX Shareholders would be diluted as a consequence of the Offer (that is: they would hold a smaller proportion of the outstanding Vocus Shares than they currently hold of the FX Shares).
- In the event that FX Shareholders elect not to accept the Offer and FX is not acquired by Vocus under the Offer, FX will be required to refinance its bank overdraft facilities in the short term (current bank overdraft limit expires in September 2014).

Cultural fit

The Board has talked with several potential acquirers for FX. However, in general, we found these parties to be a poor cultural fit with FX and to be offering cash consideration only, which would cut FX Shareholders off from the sector growth that the Board considers may take place over the next few years.

The Board has found Vocus to be different to the other potential acquirers, in that Vocus' ambitions and culture fits well with FX and Vocus has welcomed the prospect of FX Shareholders becoming Vocus shareholders and remaining invested in the business.

Drag Provisions

In addition, the Board understands that Vocus has entered into lock-up agreements with a number of major FX Shareholders (the Lock-up Shareholders who are identified in Schedule 2). Under these agreements, the Lock-up Shareholders have agreed to accept the Offer and, in certain cases, to exercise the Drag Provisions under the FX Shareholders' Agreements.

Vocus has advised the Board that if an FX Shareholder is party to an FX Shareholders' Agreement and does not accept the Offer on or before 3 September 2014 then that FX Shareholder may be required to accept the Offer under the Drag Provisions under the relevant FX Shareholders' Agreement.

If the Drag Provisions are exercised and certain FX Shareholders fail to respond by 3 September 2014, the Board understands that the Default Consideration (essentially 33% cash and 67% Vocus Shares) will be selected on behalf of the relevant FX Shareholders. Therefore, if you are party to an FX Shareholders' Agreement and do not wish to accept the Default Consideration, you should submit an acceptance of the Offer prior to 3 September 2014 specifying the consideration which you wish to receive.

Chronology of Events

- 22 August 2014 – Target Company Statement, Independent Adviser's Report and Offer Document to be sent to FX Shareholders.
- 27 August 2014 – Lock-up Shareholders to accept Offer by this date.
- 3 September 2014 – Offeror to exercise the Drag Provisions requiring all FX Shareholders party to an FX Shareholders' Agreement to accept the Offer.
- 16 September 2014 – Offer closes.
- 19 September 2014 – Settlement.

For the above reasons, and the others set out in this document, the Board recommends that you accept the Offer.

Yours sincerely



Colin B Hill
Chairman
FX Networks Limited

Target Company Statement

This Target Company Statement has been prepared by FX Networks Limited (**FX**) pursuant to rule 46 and schedule 2 of the Takeovers Code in relation to a full takeover offer made by Vocus (New Zealand) Holdings Limited (the **Offeror**), a wholly owned subsidiary of ASX listed Vocus Communications Limited (**Vocus**).

1 Date

1.1 This Target Company Statement is dated 19 August 2014.

2 Offer

2.1 This Target Company Statement relates to the Offer which is an offer by the Offeror to purchase all of the fully paid ordinary shares (the **FX Shares**) in FX that it does not already own. The consideration for each FX Share is (subject to the qualifications set out in paragraph 2.2):

2.1.1 16.76 ordinary shares in Vocus (the **Vocus Shares**); or

2.1.2 the Cash Amount (i.e., NZ\$79.30).

2.2 However:

2.2.1 the maximum aggregate Cash Amount to be paid in consideration for all of the FX Shares is NZ\$20,310,886 (the **Cash Cap**). A scaling mechanism may be applied in order to give effect to the Cash Cap. The scaling mechanism is complex but, in general terms, it operates pro-rata between FX Shareholders who accept the Offer and elect for the Cash Amount before the Closing Date. If the Cash Cap applies, Vocus Shares will be transferred to you in place of that part of the Cash Amount not able to be paid to you due to the application of the Cash Cap;

2.2.2 the consideration may be varied in certain other specified circumstances (which are not currently expected to occur); and

2.2.3 rounding may apply.

2.3 The Offer will remain open for acceptance until 5.00pm New Zealand time on 16 September 2014, or such later date (if any) to which the Offeror may extend the Offer in accordance with the Takeovers Code (the **Closing Date**).

2.4 The terms of the Offer are set out in an offer document dated 18 August 2014 (the **Offer Document**) enclosed with this Target Company Statement.

3 Target Company

3.1 The name of the target company is FX Networks Limited.

4 Directors of FX

4.1 The names of the directors of FX are as follows:

- 4.1.1 David Craig Heald;
- 4.1.2 Colin Barry Hill;
- 4.1.3 Murray David Jurgeleit;
- 4.1.4 Charles Stuart Lobley; and
- 4.1.5 Derek Maxwell Locke.

5 Ownership of Equity Securities of FX

5.1 Part 1 of Schedule 1 to this Target Company Statement sets out the number, designation and the percentage of FX Shares (being the only class of equity securities on issue) held or controlled by:

- 5.1.1 each director or senior officer of FX (a **Director** or **Senior Officer**, respectively) and their associates (**Associates**); and
- 5.1.2 any other person holding or controlling 5% or more of the class of equity securities (a **Substantial Shareholder**),

to the knowledge of FX.

5.2 Except as set out in Schedule 1 to this Target Company Statement, no Director, Senior Officer or Associate holds or controls any other equity securities of FX.

5.3 Part 2 of Schedule 1 sets out the number of equity securities of FX that have been issued to any Director, Senior Officer or Associate, during the two year period ending on the date of this Target Company Statement (the **Two Year Period**) and the price at which they were issued.

5.4 Except as set out in Part 2 of Schedule 1 to this Target Company Statement, no Director, Senior Officer or Associate has been issued any equity securities during the Two Year Period.

5.5 No Director, Officer or Associate have, during the Two Year Period, obtained a beneficial interest in any equity securities of FX under any FX employee share scheme or other remuneration arrangement.

6 Trading in Equity Securities of FX

- 6.1 No Director, Senior Officer, Associate or Substantial Shareholder has, during the six month period (the **Six Month Period**) before 19 August 2014 (the **Reference Date**) (being the latest practicable date before the date of this Target Company Statement), acquired or disposed of any equity securities of FX.

7 Acceptance of Offer

- 7.1 The table below sets out, as at the date of this Target Company Statement, the name of every Director, Senior Officer and Associate who is a holder of FX Shares (**FX Shareholder**) and has advised that they have accepted, or intend to accept, the Offer and the number of securities in respect of which the person has accepted, or intends to accept, the Offer.

Name	Number of FX Shares	Monetary value (using the Cash Amount)
Directors		
Stuart Charles Lobley	92,286	NZ\$7,318,280
Senior Officers		
Keith Linforth	600	NZ\$47,580
Associates		
Peregrine Company Managers Limited and Peregrine Offshore Services Limited (as trustees for the Berrag Trust)	259,976	NZ\$20,616,097
Penrith Holdings Limited	145,110	NZ\$11,507,223
Vincent Douglas Titchmarsh	24,103	NZ\$1,911,368
Putake Networks Limited	37,309	NZ\$2,958,604
Anne Fane De Salis and Neil Farquhar Pithie as Trustees for the Anne Fane de Salis Family Trust	32,372	NZ\$2,567,100
Murray Jurgeleit, Christine Jurgeleit and LP Corporate Trustee Limited as trustees of the Jurgeleit Family Trust	18,641	NZ\$1,478,231
Charles Stuart Lobley and Tynwald Pensions Limited as trustees of the CSL Pension Scheme	12,581	NZ\$997,673
Locke Family Trust	9,340	NZ\$740,662

Note: for convenience the Cash Amount has been used as the monetary value of the relevant FX Shares. However, the precise value obtained may vary from this if the Director, Senior Officer or Associate accepts Vocus Shares. Any such value cannot be quantified accurately at the date of this Target Company Statement as it will depend on the value of the Vocus Shares on issue.

- 7.2 In addition, the Board is aware that each FX Shareholder listed in Schedule 2 (the **Lock-up Shareholders**) has entered into an agreement (a **Lock-up Agreement**)

with Vocus under which each Lock-up Shareholder has agreed to accept the Offer in respect of its holding of FX Shares. These Lock-Up Shareholders together hold over 80% of the FX Shares.

7.3 As is material, the Board understands that:

7.3.1 each Lock-up Shareholder has agreed to accept the Offer in respect of its entire holding of FX Shares on or before the later of the date which is two business days after the date of despatch of the Offer and the business day after the Lock Up Party receives the Offer;

7.3.2 the Lock-up Shareholder retains the right to exercise and/or control the exercise of all voting rights attached to their FX Shares until the Offer becomes unconditional; and

7.3.3 each Lock-up Shareholder has agreed to exercise its rights under the Drag Provisions in the FX Shareholders' Agreements as described in paragraph 7.4 below, except in the case of Putake Networks Limited which is not a party to the FX Shareholders' Agreements.

7.4 Each of the FX Shareholders' Agreements includes a Drag Provision. Under the Drag Provisions, if any one or more FX Shareholders holding 65% or more of the FX Shares (the **Recipient**) receives a bona fide offer from a third party (a **third party offer**) to purchase all of its FX Shares which the Recipient wishes to accept, then all other FX Shareholders who are parties to that agreement are obliged to dispose of their FX Shares pursuant to the third party offer. FX Shareholders holding the relevant percentage of the FX Shares have confirmed that:

7.4.1 they intend to accept the Offer;

7.4.2 as a result, any other FX Shareholders who are parties to the FX Shareholders' Agreements (**Defaulting Holders**) will, by virtue of the Drag Provision, be required to accept the Offer; and

7.4.3 pursuant to their rights under the FX Shareholders' Agreements, they will (or will procure that any two directors of FX will) do all such things necessary and execute such documents on behalf of the Defaulting Holders to facilitate the transfer of the FX Shares to the Offeror in accordance with the terms of the Offer.

7.5 Vocus has advised the Board that if a FX Shareholders' Agreement Party does not accept the Offer on or before 3 September 2014, then the FX Shareholders' Agreement Party may be required to accept the Offer under the Drag Provisions.

7.6 If the Drag Provisions are exercised, the Board understands that FX Shareholders who are subject to the Drag Provisions will be deemed to have elected to receive Vocus Shares in respect of 67% of their FX Shares (rounded down to the nearest whole FX Share) and the Cash Amount in respect of 33% of their FX Shares (rounded up to the nearest whole FX Share) (the **Default Consideration**). Therefore, any FX Shareholders' Agreement Party which does not wish to accept the Default Consideration should submit an acceptance of the Offer prior to 3 September 2014 specifying the consideration which they wish to receive.

7.7 As at the date of this Target Company Statement, no FX Shareholders have advised that it is not their intention to accept the Offer in respect of any of the FX Shares held or controlled by them.

8 Ownership of Equity Securities of the Offeror

- 8.1 No equity securities of any class of the Offeror (**Vocus NZ Shares**) are held or controlled by FX or any Directors, Senior Officers or Associates.

9 Trading in Equity Securities of the Offeror

- 9.1 Neither FX, nor any Director, Senior Officer or Associate, has acquired or disposed of any Vocus NZ Shares during the Six Month Period

10 Arrangements between the Offeror and FX

- 10.1 In connection with the Offer:

- 10.1.1 The Offeror and FX have entered into a pre-bid agreement on 1 July 2014 which sets out:

- (a) certain pre-conditions to the Offeror making the Offer;
- (b) the obligations of each of the Offeror and FX in facilitating the Offer;
- (c) FX's obligations not to solicit alternative Offers during the currency of the Offer;
- (d) certain warranties given by FX to the Offeror in relation to the business and operations of FX; and
- (e) FX's obligation to, subject to the Offer being made in accordance with the pre-bid agreement and no Fiduciary Event having occurred, procure that a majority of the Board recommends in this Target Company Statement that FX Shareholders accept the Offer,

(the **Pre-bid Agreement**).

- 10.1.2 The Offeror and FX have agreed that on or around settlement of the Offer, the Offeror will procure the assumption or repayment of:

- (a) finance leases of FX of \$16.2m; and
- (b) the remaining bank debt of FX of \$31m.

- 10.1.3 The Offeror and FX have agreed that on or around settlement of the Offer, the Offeror will procure repayment of the ordinary (non-convertible) shareholder loans (the **Shareholder Loans**) to the parties and in the amounts set out in the table below:

Shareholder / debtor to be repaid	Principal amount and accrued interest as at 30 June 2014**	Interest rate (per annum)
Charles Stuart Lobley*	\$967,917	7%
Colin Barry Hill (Loan 1)*	\$4,319	7%
Colin Barry Hill (Loan 2)*	\$695,262	13%
Pauline Hill*	\$12,440	7%
Alexandra Jane Hill*	\$212,532	12%
Anne Fane De Salis and Neil Farquhar Pithie as trustees of the Anne Fane de Salis Family Trust*	\$168,905	12%
Rebecca Emma Lisala*	\$108,131	12%
Charlotte Anne Bray (nee Hill)*	\$409,184	12%
Titchmarsh Marina (Walton-on-the-Naze) Limited	GBP250,000.00 + NZD13,197.83 Interest	12%
Jennifer Hulme	\$59,938	12%
Murray Jurgeleit, Christine Jurgeleit and LP Corporate Trustee Limited as trustees of the Jurgeleit Family Trust*	\$3,064	12%
Peregrine Company Managers Limited and Peregrine Offshore Services Limited as trustees of the Berrag Trust*	\$3,128,479	7%
Alan Hulme	\$3,442	12%
Locke Family Trust*	\$425	12%
Cheviot Capital (Nominees) Limited	\$256,750	12%

* Denotes a FX Shareholder who is a Director, Senior Officer or Associate.

** Actual amount repaid at Closing Date will include interest accrued until Closing Date.

10.1.4 Each of the persons set out in the table above has executed a letter agreement with FX confirming that they will accept repayment of the principal and interest set out above, on (or around) settlement of the Offer, in full and final settlement of any rights which that person may have under their relevant Shareholder Loan. In addition, Cheviot Capital (Nominees) Limited has agreed to irrevocably waive the right which it previously held to elect to convert the indebtedness (including both principal and interest) under its loan into FX Shares.

10.1.5 FX has a temporary overdraft limit which expires on 30 September 2014. There may be a requirement for FX to enter into agreement with the Offeror to provide some financial support to FX if the Offer is open beyond 16 September 2014.

10.2 Except as set out in paragraph 10.1 above, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Offeror, or any associate of the Offeror, and FX, or any related company of FX, in connection with, in anticipation of, or in response to, the Offer

11 Relationship between the Offeror and Directors and Officers of Target Company

11.1 Refer to paragraph 7 above (and Schedule 2) for the details of any arrangements with Vocus FX relating to the commitment of certain Directors, Senior Officers, Associates and Substantial Shareholders to accept the Offer.

11.2 Refer to paragraph 10 above for the details of arrangements relating to the repayment by the Offeror of certain outstanding debts owing to certain Directors, Senior Officers and Associates.

11.3 No other agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Offeror, or any associate of the Offeror, and any of the Directors or Senior Officers, or any directors or senior officers of related company of FX, in connection with, in anticipation of, or in response to, the Offer.

11.4 None of the Directors or Senior Officers are also directors or senior officers of the Offeror or any related company of the Offeror.

12 Agreement between FX and Directors and Officers of FX

12.1 Refer to paragraph 16 below for details of payments to be made to certain Directors and Senior Officers in order to compensate them for the additional work which they have undertaken in connection with the Offer. No other agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between FX, or any related company of FX, and any of the Directors, Senior Officers or Associates, or any directors, senior officers or any of their associates of any related company of FX, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Offer

13 Interests of Directors and Officers of FX in Contracts of Offeror or Related Company

13.1 Directors, Senior Officers and Associates have interests in contracts with the Offeror as follows:

13.1.1 certain Directors, Senior Officers and Associates have entered into Lock-up Agreements. Particulars of the nature of the interest of each such person

and the extent and monetary value of such interests are set out in paragraph 7 above; and

13.1.2 certain Directors, Senior Officers and Associates have entered into agreements regarding the repayment of certain loans. Particulars of the nature of the interest of each such person and the extent and monetary value of such interests are set out in paragraph 10 above.

13.2 Except as referred to in paragraph 13.1 above, no Director, Senior Officer or Associate has an interest in any contract to which the Offeror, or any related company of the Offeror, is a party.

13A Interest of FX's Substantial Security Holders in Material Contracts of the Offeror or Related Company

13A.1 Other than outlined in paragraph 13 above, (in respect of Peregrine Company Managers Limited and Peregrine Offshore Services Limited (as trustees for the Berrag Trust), Penrith Holdings Limited and Stuart Lobley), no person who, to the knowledge of the Directors or the Senior Officers, is a Substantial Shareholder, has an interest in any material contract to which the Offeror, or any related company of the Offeror, is a party.

14 Additional Information

14.1 In the opinion of the Directors, no information in the Offer Document is incorrect or misleading and no additional information within the knowledge of FX is required to make the information in the Offer Document correct or not misleading.

15 Recommendation

15.1 The Directors have carefully considered the Offer and KPMG's report on the merits of the Offer, in reaching their unanimous recommendation to FX Shareholders. The Directors unanimously recommend to FX Shareholders that they accept the Offer for the following reasons:

15.1.1 The Offer is fair. Depending on the allocation of Vocus Shares and the Cash Amount, the Offer is at least above the midpoint of the valuation range to above the valuation range recommended by KPMG in the Independent Adviser's Report.

15.1.2 The Directors' unanimous view is that FX and Vocus have very complementary businesses, assets, customer bases and cultures. The Directors' believe the combination of FX and Vocus should provide FX Shareholders with faster growth and higher profitability than FX could achieve as a standalone business.

15.1.3 The Offer provides for FX Shareholders to exchange their FX Shares, which are not traded on any stock exchange, for Vocus Shares, which are traded on the Australian Stock Exchange. This provides FX Shareholders with

liquidity and allows those FX Shareholders to readily choose whether to retain or sell some or all of their Vocus Shares.

- 15.1.4 In the absence of the Offer, FX would need to urgently undertake a capital raising and refinancing. The Offeror has sufficient funds to meet FX's working capital and capital expenditure requirements.

16 Actions of FX

- 16.1 Except as set out in paragraph 16.3 below, there are no material agreements or arrangements (whether legally enforceable or not) entered into by FX, or FX's related companies, as a consequence of, in response to, or in connection with the Offer.
- 16.2 There are no negotiations underway, as a consequence of, in response to, or in connection with, the Offer that relate to, or could result in:
- 16.2.1 an extraordinary transaction (such as a merger, amalgamation, or reorganisation) involving FX or any of its related companies;
- 16.2.2 the acquisition or disposition of material assets by FX or any of its related companies;
- 16.2.3 an acquisition of equity securities by, or of, FX or any related company of FX; or
- 16.2.4 a material change in equity securities on issue, or policy related to distributions, of FX.
- 16.3 FX has authorised the payments to certain Directors and officers of FX to compensate them for the additional work which they have undertaken in connection with the Offer. Details of the relevant parties the amount to be paid to each party is set out in the table below:

Name	Payment (NZ\$)
David Heald	\$100,000
Murray Jurgeleit	\$65,000
Gary Obbes	\$65,000
Neil Pithie	\$20,000
Robyn Reid	\$10,000
Justin Eggleton	\$10,000
Mike Plant	\$10,000
Neil Fenemor	\$10,000
CEO's discretion for any applicable staff member	\$10,000

17 Equity Securities of Target Company

- 17.1 There are currently 776,124 FX Shares on issue. All of these FX shares are fully paid. FX Shareholders have in respect of each FX Share, subject to the FX constitution:
- 17.1.1 the right to an equal share in dividends authorised by the Board;
- 17.1.2 the right to an equal share in distribution of surplus assets of FX; and
- 17.1.3 the right to cast one vote on a show of hands, or the right to cast one vote on a poll (for each FX Share held) on any resolution, including a resolution to:
- appoint or remove a director or the auditor;
 - alter FX's constitution;
 - approve a major transaction by FX;
 - approve an amalgamation involving FX (other than an amalgamation of a wholly owned subsidiary); and
 - put FX into liquidation.
- 17.2 The constitution of FX provides that an FX Shareholder cannot sell, assign, transfer, mortgage, charge or otherwise dispose or agree to transfer any interest in all or any of its FX Shares, except:
- 17.2.1 with the prior written approval of all FX Shareholders;
- 17.2.2 as the provisions of any agreement between FX and FX Shareholders that is in force otherwise expressly permits or requires; or
- 17.2.3 in accordance with a sale and purchase agreement formed pursuant to the acceptance of an offer made under the Takeovers Code for all of the voting securities (as defined in the Takeovers Code) of FX not already held by an offeror.
- 17.3 In addition, any transfer of FX Shares by a FX Shareholder must be in relation to all of its FX Shares unless otherwise determined by the Board.

18 Financial Statements

- 18.1 Every person to whom the Offer is made is entitled to obtain from FX a copy of FX's most recent annual report (being the report for the period ended 31 March 2013) by making a written request to

FX Networks Limited
138 The Terrace
Wellington

New Zealand
Fax: 04 498 9649
Email: neil.pithie@fx.net.nz

- 18.2 No half-year report has been issued by FX since the issue of the annual report referred to in paragraph 18.1 above
- 18.3 No interim report has been issued by FX since the issue of the annual report for the year ended 31 March 2013. Other than as set out elsewhere in this Target Company Statement, or as contained in the Independent Adviser's Report:
- 18.3.1 there have been no known material changes in the financial or trading position, or prospects, of FX since the 31 March 2013 annual report; and
- 18.3.2 there is no other information about the assets, liabilities, profitability and financial affairs of FX that could reasonably be expected to be material to the making of a decision by FX Shareholders to accept or reject the Offer.

19 Independent Advice on Merits of Offer

- 19.1 KPMG, as independent adviser, has prepared an independent adviser's report under rule 21 of the Takeovers Code (the **Independent Adviser's Report**). A full copy of the Independent Adviser's Report accompanies, and forms part of, this Target Company Statement at Appendix 1.

20 Asset Valuation

- 20.1 No information provided in this Target Company Statement refers to a valuation of any asset of FX.

21 Prospective Financial Information

- 21.1 The Independent Adviser's Report contains prospective financial information in relation to FX. The principal assumptions on which the prospective financial information is based are set out in Independent Adviser's Report. Other than the prospective financial information referred to in paragraph 21.1 above, this Target Company Statement does not refer to any other prospective financial information about FX.

22 Sales of Unquoted Equity Securities Under Offer

- 22.1 The table below sets out, as at the date of this Target Company Statement, all the information that FX has as to the number of FX Shares that have been disposed of during the 12 month period before the Reference Date (being the latest practicable date before the date of this Target Company Statement) and the consideration for such dispositions.

Disposer	Acquirer	Date	Number of FX Shares	Reason for transfer	Consideration (per share)
W Custodians Limited (1041900)	W Custodians Limited (103689)	23/10/2013	1506	Shareholder's financial re-arrangement	Unknown
John & Meralyn Melville	Somsmith Nominees Limited	22/05/2014	400	Administrative clean up by Broker	Unknown
Frank & Adrienne Williams	Somsmith Nominees Limited	22/05/2014	250	Administrative clean up by Broker	Unknown
Taylor's Farms Limited	Somsmith Nominees Limited	22/05/2014	600	Administrative clean up by Broker	Unknown
W Custodians Limited (1041900)	Gadbrook Limited	17/04/2014	829	Shareholders financial re-arrangement	Unknown
B & M Mills	Margaret Mills Family Trust	12/02/2014	1,200	Shareholders financial re-arrangement	Unknown
Tina Fewster	Frances Bowen	28/03/2014	143	Shareholders financial re-arrangement	Unknown
Tina Fewster	Lance Hill	28/03/2014	172	Shareholders financial re-arrangement	Unknown
Tina Fewster	Caroline Rham	28/03/2014	230	Shareholders financial re-arrangement	Unknown
Arapito Investment Trust	Keith and Teresa Linforth	23/10/2013	600	Shareholders financial re-arrangement	Unknown
Tim Searle	Mitzki Settlement	23/04/2014	25	Shareholders financial re-arrangement	Unknown
Chris Crowther	Julian Crowther	23/10/2013	1,300	Transfer from son to father	\$65

23 Market Prices of Quoted Securities under Offer

- 23.1 The FX Shares, which are the subject of the Offer, are not quoted on any stock exchange.

24 Other Information

- 24.1 Other than as described in this Target Company Statement, as at the date of the Offer, there is no other information that could reasonably be expected to be material to the making of a decision by the FX Shareholders to accept or reject the Offer.

25 Approval of Target Company Statement

- 25.1 The contents of this Target Company Statement have been approved by the Board.

26 Certificate

- 26.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this Target Company Statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by FX under the Takeovers Code.

Signed by:



Colin Hill
Director



Murray Jurgeleit
Director



David Heald
Chief Executive Officer



Gary Obbes
Chief Financial Officer

27 Glossary

27.1 In this Statement, unless the context otherwise requires:

Associates has the meaning given in paragraph 5.1.1;

ASX means the Australian Securities Exchange;

Board means the board of directors of FX;

Business Day means any day excluding Saturdays, Sundays and statutory public holidays in Auckland or Wellington, New Zealand or Sydney, Australia;

Cash Cap has the meaning given in paragraph 2.2.1;

Closing Date has the meaning given in paragraph 2.3;

Default Consideration has the meaning given in paragraph 7.6;

Directors has the meaning given in paragraph 5.1.1;

Drag Provision means the provision set out in each of the FX Shareholders' Agreements permitting FX Shareholders who accept the Offer and, together, hold more than 65% of the FX Shares, to require the other FX Shareholders' Agreement Parties to sell their FX Shares;

Fiduciary Event means:

- (a) the Independent Adviser's Report concluding that the price offered under the Offer is lower than the Independent Adviser's Valuation Range;
- (b) a Higher Alternative Offer being made or announced prior to the date on which this Target Company Statement is required to be sent by FX; or
- (c) subject to a reasonable period of prior consultation with the Offeror, a majority of the directors of FX, acting reasonably, concluding that their support for the Offer is incompatible with their statutory obligations as directors of FX;

FX means FX Networks Limited;

FX Share means a fully paid ordinary share in FX;

FX Shareholders means holders of FX Shares;

FX Shareholders' Agreements means the agreements between FX and the FX Shareholders listed in Schedule 3;

Higher Alternative Offer means an offer by a party other than the Offeror or any related company of the Offeror for all of the shares in, or assets of, FX or to undertake a transaction of a similar nature where the consideration per share offered is more valuable than the consideration per share offered under the Offer;

Independent Adviser's Report has the meaning given to it in paragraph 19;

Independent Adviser's Valuation Range means the valuation range for the underlying value of all of the FX Shares set out in the Independent Adviser's Report;

Lock-up Shareholder has the meaning given in paragraph 7.2;

Offer means the offer of Vocus Shares and the Cash Amount to FX Shareholders in return for FX Shares as set out in the Offer Document;

Offeror means Vocus (New Zealand) Holdings Limited;

Offer Document means the offer document given by the Offeror setting out the Offer;

Pre-bid Agreement has the meaning given in paragraph 10.1.1;

Reference Date has the meaning given in paragraph 6.1;

Senior Officers has the meaning given in paragraph 5.1.1;

Six Month Period has the meaning given in paragraph 6.1;

Takeovers Code means the Takeovers Code approved by the Takeovers Code Approval Order 2000 (SR 2000/210);

Takeover Notice means the takeover notice issued by the Offeror on 25 July 2014 pursuant to the requirements under the Takeovers Code;

Target Company Statement means this target company statement;

Vocus means Vocus Communications Limited;

Vocus Board means the board of directors of Vocus Communications Limited;

Vocus NZ Share has the meaning given in paragraph 8.1; and

Vocus Share means a fully paid, ordinary share in Vocus to be issued as consideration under the Offer.

27.2 Words and expressions defined in the Takeovers Act or the Takeovers Code and not otherwise defined in this Target Company Statement have the same meaning when used in this Target Company Statement.

Schedule 1 – Ownership and issuance of FX Shares

Part 1 – Ownership of Equity Securities in FX by Directors, Senior Officers, Associates and Substantial Holders

FX Shareholder	Director, Senior Officer, Associate or Substantial Holder	Number of FX Shares held	Percentage of FX Shares held (to two decimal places)
Peregrine Company Managers Limited and Peregrine Offshore Services Limited (as trustees of the Berrag Trust)	Associate	259,976	33.50%
Penrith Holdings Limited	Associate	145,110	18.70%
Stuart Lobley	Director	92,286	11.89%
Putake Networks Limited	Associate	37,309	4.81%
Anne Fane De Salis and Neil Farquhar Pithie as Trustees for the Anne Fane de Salis Family Trust	Associate	32,372	4.17%
Vincent Douglas Titchmarsh	Associate	24,103	3.11%
Murray David Jurgeleit, Christine Robyn Jurgeleit and LP Corporate Trustee Limited	Associate	18,641	2.40%
Charles Stuart Lobley and Tynwald Pensions Limited as trustees of the CSL Pension Scheme	Associate	12,581	1.62%
Pauline Hill	Associate	10,325	1.33%
Locke Family Trust	Associate	9,340	1.20%
Charlotte Bray	Associate	4,389	0.57%
Arthur Milnes	Associate	2,681	0.35%
Lorna Milnes	Associate	2,490	0.32%
Alexandra Hill	Associate	1,362	0.18%
Rebecca Emma Lisala	Associate	889	0.11
Clementine Rose Benjamin	Associate	175	0.02%

Part 2 – Issuance of Equity Securities in FX to Directors, Senior Officers or Associates

Name	Director, Senior Officer,	Number of FX Shares	Price (per FX Share)	Date of Issue
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	Associate			
Peregrine Company Managers Limited and Peregrine Offshore Services Limited (as trustees of the Berrag Trust)	Associate	17,920	\$100	31 January 2013
Stuart Loble	Director	40,000	\$100	31 January 2013
Penrith Holdings Limited	Associate	4,258	\$100	31 January 2013

Schedule 2 – Lock-up Shareholders

Lock-up Shareholder	Number of Shares as at the date of the Agreement	Date of Lock-up Agreement
Peregrine Company Managers Limited and Peregrine Offshore Services Limited as trustees of the Berrag Trust*	259,976	23 July 2014
Penrith Holdings Limited*	145,110	23 July 2014
Stuart Lobley*	92,286	23 July 2014
Putake Networks Limited	37,309	23 July 2014
Anne Fane De Salis and Neil Farquhar Pithie as trustees of the Anne Fane de Salis Family Trust*	32,372	23 July 2014
Vincent Douglas Titchmarsh*	24,103	23 July 2014
Murray Jurgeleit, Christine Jurgeleit and LP Corporate Trustees Limited as trustees of the Jurgeleit Family Trust*	18,641	23 July 2014
CSL Pension Scheme*	12,581	23 July 2014

* Denotes a Lock-up Shareholder who has agreed to exercise the Drag Provisions under the FX Shareholders' Agreements.

Schedule 3 – Parties to the FX Shareholders’ Agreements

The parties to the FX Shareholders’ Agreement are FX and the FX Shareholders’ Agreement Parties, whose names are set out below:

Peregrine Company Managers Limited and Peregrine Offshore Services Limited as trustees of the Berrag Trust	Charlotte Anne Bray
Henrietta Sophia Tayler	Ewen McNeill
Pauline Mary Hill	Jonathon Martin
Derek Locke, Susan Locke and Allan James Laurenson	Timothy Martin Searle
Alan Hulme	John Patterson
Gavin De Salis	John Fagge
Penrith Holdings Limited	Neil Warrick Kain, Helen Kay Kain and Ian Geoffrey Kain
Stuart Lobley	Mary Kay Iannucci and Roger Ivan Bellamy
Anne Fane De Salis and Neil Farquhar Pithie	Cathrine Lobley
Vincent Douglas Titchmarsh	Victoria Rogers
Murray Jurgeleit, Christine Jurgeleit and LP Corporate Trustee Limited	Barbara Ross
Charles Stuart Lobley and Tynwald Pensions Limited	Donald Ross
David Craine	Reuben Thomas Welsh and Sarah Louise Welsh
Susan Merle Taylor	Andrew Maclean Morrison
Brownsover Investments Limited	Wendy Diane Breedon
Arthur Milnes	Zena Al-Jalili
Stathie Tzitziras and Evangelos Tzitziras	Wendy Anne Hunter and Euan Malcolm Mcintosh
Julian Crowther	Noelle Michelle Roberts and Christopher James Roberts
David Leo Devlin	David William Pearson and Andrew Keith Pearson
Lorna Edna Milnes	Clementine Rose Benjamin
Jane Crowther and Julian Crowther	Andrew Keith Pearson
Jean Lillian Dunning	Jill Marie Bay and John William Bay

TGR Investment Limited	Prudence Mary Bell and Paul Anthony Bell
Brian Henry Nightingale, Elizabeth Mary Nightingale and David James Quigg	David William Pearson
Barbara Isobel Manners and Bruce Andrew Manners	Raymond Martin Cooper and Lisa Pierrine Townsend
Ross William Steele and Fraser Donald Finlayson	Somsmith Nominees Limited
Alexandra Hill	Anthony David William Sabiston
Jane Crowther	Remy Horton
Russell Clark and Kim Delaney	Rebecca Lisala
Octant Holdings Limited	Dagger Nominees Limited
William Luke Vodanovich, Sharon Lee Vodanovich and Gray Stratton Thompson	Barry Lewis and Anne Lewis
Fong Lim	Brenda Teague, Clinton Teague and Jonathan Harcourt James Crawford
Kim Milnes	Lisa Pania Paraku, Steven Roy Swallow and Diane Mary Hennessy

Appendix 1 – Independent Adviser’s Report