

B DIGITAL LIMITED

ASX ANNOUNCEMENT

Acquisition of DigiPlus

B Digital Limited signs conditional Agreement to purchase Digiplus Investments Limited

Transaction

B Digital Limited has entered into a conditional agreement under which it will acquire Digiplus Investments Limited ("Digiplus"). The transaction is subject to satisfaction of certain conditions and the relevant shareholder and regulatory approvals.

The purchase consideration will be:

1. \$20.4 million in cash (\$10 million to be deferred for 3 years after closing); and
2. (subject to DigiPlus having net assets of between \$21m and \$23m) the issue of 333,333,333 B Digital shares, representing approximately 57% of B Digital post issue.

Depending on the net asset position of Digiplus at closing, the issue of shares may be adjusted down to 300,000,000 or up to 350,000,000 shares (the latter representing up to 58.5% of B Digital post issue).

Funding for the cash component of the purchase consideration will be made possible by resources within DigiPlus. \$10 million of the cash consideration will be retained for three years as security for any warranty claims made by B Digital.

About DigiPlus

DigiPlus is a privately owned telco established in Australia in 1997. It offers consumers competitive local, national, international and mobile phone calls, as well as internet access. Having primarily targeted Australia and New Zealand's ethnic communities, DigiPlus has approximately 150,000 customers tolling over 500 million minutes per year.

The company records show annual revenues of around \$100 million and normalised profit before tax of \$17m for the year ended 30 June 2003.

Benefits to B Digital Shareholders

With this acquisition, the size of B Digital's customer base will increase to more than 430,000. The normalised proforma combined EBITDA to June 2003 would have been

\$25 million from annual revenue of more than \$275 million. After settlement, the merged company will have significant cash to pursue further growth opportunities.

The combining of the businesses will add significant value through:

- the capacity to cross sell the companies' respective services;
- the exploitation of economies of scale to reduce costs; and
- the reduction of risk via the introduction of DigiPlus' profitable fixed line products to complement B Digital's current mobile phone product.

Shareholder Approval Process

A Notice of Meeting and Explanatory Statement for the requisite B Digital shareholder meeting will be lodged with the ASX and dispatched to shareholders during the next two weeks. The Explanatory Statement will contain relevant financial information together with other information required by the Corporations Act and Listing Rules in relation to the proposed resolutions, and will be accompanied by an Independent Expert's Report.

A shareholders' meeting seeking approval of the issue of shares is targeted for mid December.

For further information, please contact Sean Gentry on mobile 0403 000 000 or (08) 9463 5930.