



Media Release

For Immediate Publication

NPAT FOR B DIGITAL AUS UP 62% OVER THE PREVIOUS CORRESPONDING HALF

Sydney, February 25 2004 - B Digital Ltd today released its financial results for the half-year period ended 31 December 2003. The company generated net profit after tax of \$2.6 million during the half. In the previous corresponding period, the company's NPAT was \$1.6 million (after removing \$1.0 million of profit that resulted from the earlier sale of its South African business). On that basis, the current result reflects a 62% improvement in profit.

The table below reflects significant growth in other key metrics:

| | Half Year to Dec 02 | Half Year to Dec 03 | % Change |
|-----------|---------------------|---------------------|----------|
| Revenue | \$90m | \$113m | +26% |
| NPAT | \$1.6m | \$2.6m | +62% |
| Customers | 253,000 | 298,000 | +18% |

Acquisition of DigiPlus

During the half year, B Digital also completed the acquisition of DigiPlus, a profitable full service telco with approximately 155,000 customers across Australia and New Zealand. The combined company:

- services over 455,000 consumer customers;
- offers mobile and fixed line voice services as well as Internet access;
- had proforma combined half year revenues of approximately \$160 million;
- had proforma combined half year NPAT of approximately \$8.6m; and
- had total cash of \$24 million as at 31 December 2003.

B Digital Managing Director Sean Gentry said, "*B Digital acquired its first customer on this same day in 1999. Through organic growth and now the merger with DigiPlus, we've emerged on our 5th birthday as a significant competitor in Australia. Both DigiPlus and B built their business on the foundation of cost efficiency and creative niche marketing to consumers. Together, we hope to increase shareholder value by maintaining our focus on those core strengths while taking advantage of the scale that the merger has created.*"

For further information please contact:

Sean Gentry, B Digital Ltd, Tel: (08) 9463 5800

Appendix 4D

Preliminary Final Report

Half year ended 31 December 2003

Lodged with the ASX under Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2003 Annual Financial Report.

Name of entity

| | |
|---------------|----------------|
| B Digital Ltd | 99 085 089 970 |
|---------------|----------------|

Results for announcement to the market

\$A'000

| | | | | |
|--|------|-----|----|---------|
| Revenues from ordinary activities | up | 24% | to | 112,866 |
| Profit (loss) from ordinary activities after tax attributable to members | down | 4% | to | 2,562 |
| Net profit (loss) for the period attributable to members | down | 4% | to | 2,562 |

Dividends

There have been no dividends paid or declared by the Company over the end of the previous financial year.

Tangible assets

| | 31 Dec 2003 \$ | 31 Dec 2002 \$ |
|---|-------------------|-------------------|
| Net tangible assets backing per ordinary security | 0.04 | 0.06 |

Compliance Statement

This report is based on accounts that have been subject to review.

Desmond J Kelly
Company Secretary

Date: 24 February 2004



**B Digital Limited
and its controlled entities**

ABN 99 085 089 970

**Half-Year Financial Report
31 December 2003**

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

Directors' Report

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2003 and the auditor's review report thereon.

Directors

The Directors of the Company at any time during or since the end of the half year are:

| Name | Period of Directorship |
|-----------------------------------|--|
| Professor Murray Wells (Chairman) | Director since 1999 - appointed Chairman 2001 |
| Sean Gentry | Director since 1999 |
| Peter Gammell | Director since 2000, resigned 31 December 2003 |
| Danita Lowes | Director since 2000, resigned 31 December 2003 |
| Mr Peter Lewis (alternate) | Director since 2000 |
| Nick Kotzohambos | Director appointed 31 December 2003 |
| Peter George | Director appointed 31 December 2003 |

Review of Operations

The principal activity of the consolidated entity during the course of the half year was the sale of mobile telephone handsets and services to consumers in Australia. Trading as '**B Mobile**' (formerly "**B clear and simple**"), the Group purchased mobile network access and airtime at wholesale rates from mobile network operator Optus Mobile and resold that access and airtime to consumers, together with mobile handsets.

Acquisition of DigiPlus Group

On 31 December 2003, the company acquired the Digiplus Group of companies for \$79 million in cash and shares. The consolidated balance sheet in this half year Financial Report reflects the inclusion of Digiplus. However, since effective control did not pass until after 31 December 2003, the Group result for the period does not include any result for Digiplus. Further details of the terms for this acquisition are set out in note 7 of the Financial Report.

The DigiPlus business was founded in Australia in 1996 and in New Zealand in 1998. It sets its own retail pricing and is responsible for servicing its customer base, inclusive of all customer care, billing and collection functions.

DigiPlus is a profitable full-service telecommunications provider servicing more than 154,000 residential customers throughout Australia and New Zealand. The adjusted, or "normalised", financial results of DigiPlus for the financial year ended 30 June 2003 reflect revenues of nearly \$100 million, \$17 million in EBIT and \$12 million in profit after tax. In addition, the DigiPlus Group had more than \$24 million in net assets as at 31 December 2003.

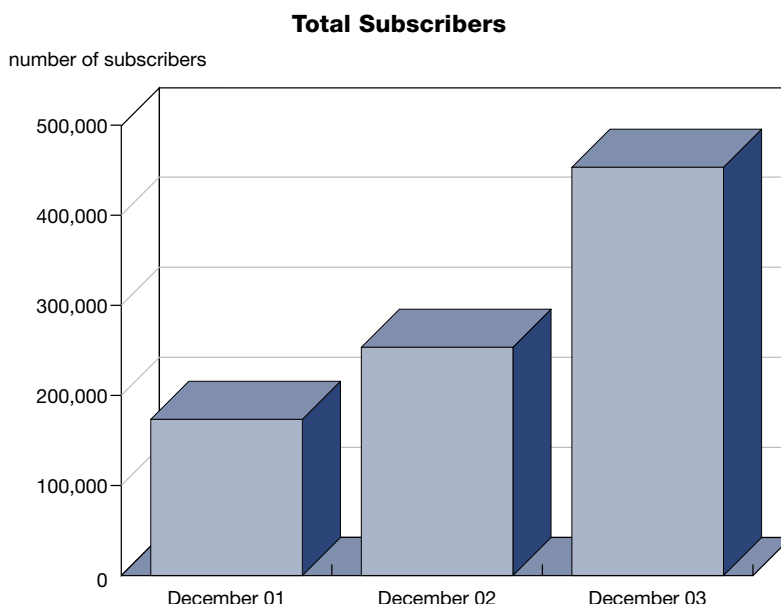
With the DigiPlus acquisition, the Group becomes a full service telco offering fixed line and mobile voice services as well as internet access. The DigiPlus business was seen as a strategic opportunity to expand the telecommunications services offered by the Group and increase shareholder value. The benefits of the DigiPlus acquisition are detailed in the Notice of General Meeting and Explanatory Statement dated 12 November 2003 and can be summarised as follows:

- DigiPlus has demonstrated a potential to generate substantial profits;
- At 31 December 2003, DigiPlus had net assets in excess of \$24 million and considerable cash resources;
- The combined business will have more than 450,000 customers and anticipated revenues exceeding \$280 million on an annualised basis;
- The profitability of the combined business can be enhanced by eliminating duplicated infrastructure over time and by exploiting opportunities for the cross selling of services;
- The addition of DigiPlus' fixed line calling and ISP service offerings reduces B Digital's risk by diversifying its product range beyond its current mobile phone services;

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

- The combined business will be a significant purchaser of wholesale telecommunication services, improving its capacity to negotiate volume discounts with carriers;
- The Group has strong balance sheet and cash reserves to pursue further growth opportunities; and
- While preserving the value inherent in having Seven Network Ltd as a substantial shareholder, the acquisition shifts control of B Digital to those for whom telecommunications is the core business.

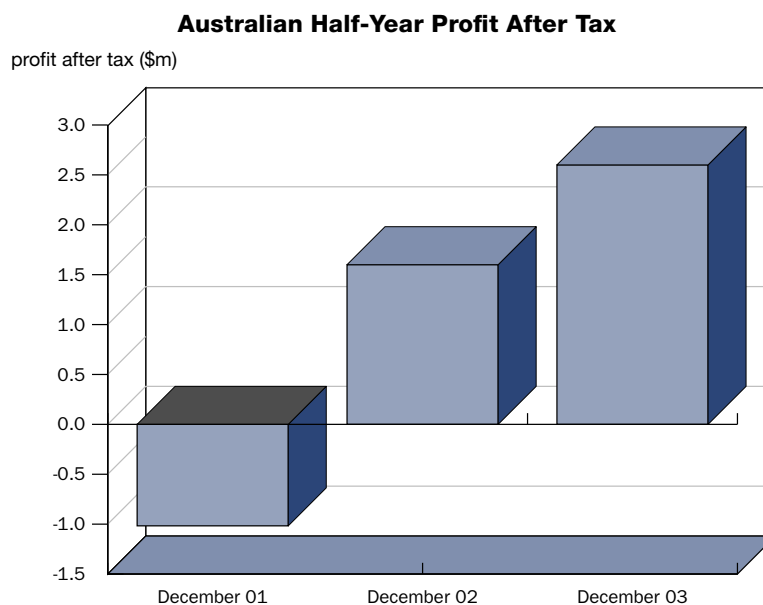
Highlights



Note – December 03 includes 154,000 subscribers acquired as part of the acquisition of the Digiplus Group.

Mobile Telephone Sales and Service Provision in Australia

The Company maintained its focus on the steady acquisition and management of creditworthy post paid mobile customers. In a very competitive mobile market, the Group continued to grow its subscriber base during the half year ended 31 December 2003 reaching nearly 300,000 subscribers (excluding customers acquired with the Digiplus Group acquisition) by the end of this period. This growth was achieved through our B Direct and B Authorised Dealer channels.



HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003**Financial Results**

During the financial year the Australian operations generated an operating profit of \$2.6 million. This compares to \$1.6m for the previous corresponding half year, a 62% increase. The graph above reflects the considerable improvement in half year profit of the Australian business over the past 3 corresponding periods. Meanwhile, despite the significant cost of handset subsidies in the mobile market, cash reserves were largely maintained during this period of significant growth.

Managing call centre costs and overheads continued to be a high priority during the half year with a number of cost saving initiatives introduced. Costs of billing and otherwise managing the subscriber base continue to be amongst the lowest in the industry, enabling the company to keep its prices competitive and improve profits.

Likely developments

The company is currently developing specific fixed wire calling and internet access products to market initially to the B Mobile subscriber base. The company looks forward to maximising the value of its customer base by introducing bundled telecommunication service offerings that improve revenue and margin while also helping to reduce churn.

Rounding off

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Perth this 24th day of February 2004.

Signed in accordance with a resolution of the Directors.

S D Gentry
Managing Director

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

**Statements of Financial Performance
for the Half-Year Ended 31 December 2003**

| | | Consolidated | |
|---|-------------|------------------------|------------------------|
| | NOTE | 2003 \$'000 | 2002 \$'000 |
| Revenue from ordinary activities | 2 | 112,866 | 91,186 |
| Expenses from ordinary activities | 3 | (110,304) | (88,519) |
| Operating profit from ordinary activities before related income tax expense | | 2,562 | 2,667 |
| Income tax expense relating to ordinary activities | | - | - |
| Net profit attributable to members of the parent entity | | 2,562 | 2,667 |
| Non-owner transaction changes in equity | | | |
| Net exchange difference relating to self sustaining operation | | - | 44 |
| Total changes in equity from non-owner related transactions attributable to members of the parent entity | | 2,562 | 2,711 |
| Basic Earnings Per Share: | | | |
| Ordinary Shares | | 0.01 | 0.01 |
| Diluted Earnings Per Share: | | | |
| Ordinary Shares | | 0.01 | 0.01 |

The statements of financial performance are to be read in conjunction with the accompanying notes to and forming part of the half year financial statements.

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

Statements of Financial Position
as at 31 December 2003

| | NOTE | Consolidated | |
|--------------------------------------|------|-----------------------|-----------------------|
| | | 31 Dec 2003 \$'000 | 30 Jun 2003 \$'000 |
| Current Assets | | | |
| Cash assets | 10 | 24,488 | 13,480 |
| Receivables | | 39,617 | 27,725 |
| Inventories | | 1,875 | 695 |
| Other | | 1,171 | 392 |
| Total Current Assets | | 67,151 | 42,292 |
| Non-Current Assets | | | |
| Property, plant and equipment | | 3,447 | 3,259 |
| Intangibles | 7 | 55,490 | - |
| Other | | 22,710 | 13,556 |
| Total Non-Current Assets | | 81,647 | 16,815 |
| Total Assets | | 148,798 | 59,107 |
| Current Liabilities | | | |
| Payables | | 35,712 | 29,908 |
| Interest bearing liabilities | | 277 | 110 |
| Current tax liability | | 8,725 | - |
| Provisions | | 3,279 | 3,622 |
| Other | | 10,450 | 7,070 |
| Total Current Liabilities | | 58,443 | 40,710 |
| Non-Current Liabilities | | | |
| Payables | | 7,513 | - |
| Interest bearing liabilities | | 295 | 117 |
| Deferred tax liability | | 34 | - |
| Provisions | | 122 | 65 |
| Other | | 2,301 | 1,854 |
| Total Non-Current Liabilities | | 10,265 | 2,036 |
| Total Liabilities | | 68,708 | 42,746 |
| Net Assets | | 80,090 | 16,361 |
| Equity | | | |
| Contributed equity | 5 | 138,330 | 77,163 |
| Accumulated losses | 6 | (58,240) | (60,802) |
| Total Equity | | 80,090 | 16,361 |

The statements of financial position are to be read in conjunction with the accompanying notes to and forming part of the half year financial statements.

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

Statements of Cashflows
for the Half-Year Ended 31 December 2003

| | | Consolidated | |
|--|------|----------------|----------------|
| | NOTE | 2003 \$'000 | 2002 \$'000 |
| Cash flows from operating activities | | | |
| Cash receipts in the course of operations | | 132,817 | 107,811 |
| Cash payments in the course of operations | | (134,316) | (107,083) |
| Interest received | | 152 | 391 |
| Sale of subscriber base | | - | 3,334 |
| Net cash from/ (used in) operating activities | | (1,347) | 4,453 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (229) | (590) |
| | 7 | (477) | - |
| | 7 | 13,132 | - |
| Proceeds from the disposal of investments | | - | 146 |
| Net cash from / (used in) investing activities | | 12,426 | (444) |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | (71) | (33) |
| Net cash (used in) financing activities | | (71) | (33) |
| Net increase in cash held | | 11,008 | 3,976 |
| Cash at the beginning of the financial year | | 13,480 | 6,552 |
| Effects of exchange rate fluctuations on the balances of cash held in foreign currencies | | - | 9 |
| Cash at the end of the half year | 10 | 24,488 | 10,537 |

The statements of cashflows are to be read in conjunction with the accompanying notes to and forming part of the half year financial statements.

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

Notes to and forming part of the Financial Statements for the half-year ended 31 December 2003

1. Statement of Significant Accounting Policies

(a) Basis of preparation of the half-year report

The half year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The half-year report should be read in conjunction with the 30 June 2003 Annual Financial Report.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2003 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in the Annual Financial Report.

On 31 December 2003, Digiplus Investments Limited (Digiplus) was acquired as disclosed in note 7 to the Financial Report. The half year report has been prepared including the net assets of Digiplus at this date, however since effective control did not pass until this date, the Group result for the period does not include any result for Digiplus.

(b) Future income tax benefit

As at the date of signing this report, the tax consolidated group within the consolidated entity had not formally determined a tax consolidation implementation date. The tax consolidated group continues to apply UIG 39 Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances. No further adjustments to the future income tax benefits were required during the half year as a result of applying UIG 39.

2. Revenue from Ordinary Activities

| | Consolidated | |
|---|----------------|-----------------|
| | 2003 \$'000 | 2002 \$ '000 |
| Revenue from operating activities: | | |
| Service fees | 99,721 | 87,480 |
| Sale of goods | 8,998 | - |
| Other income | 3,977 | 2,866 |
| Rendering of services from operating activities | 112,696 | 90,346 |
| Other revenues | | |
| Interest – other parties | 170 | 388 |
| Revenue from outside operating activities: | | |
| Sale of subscriber base | - | 306 |
| Gross proceeds from sale of investment | - | 146 |
| Total revenue from ordinary activities | 112,866 | 91,186 |

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

Notes to and forming part of the Financial Statements for the half-year ended 31 December 2003 (Continued)

3. Expenses from Ordinary Activities

| | Consolidated | |
|--|------------------------|------------------------|
| | 2003 \$'000 | 2002 \$'000 |
| Expenses from operating activities: | | |
| Airtime and service expenses | 77,723 | 64,415 |
| Costs of goods sold | 8,761 | - |
| Selling and marketing expenses | 6,483 | 7,513 |
| Management expenses | 11,426 | 10,590 |
| Investment related expenses | - | 146 |
| Other expenses from ordinary activities | 5,911 | 5,855 |
| Total expenses from ordinary activities | 110,304 | 88,519 |

4. Individually significant items

Individually significant items included in profit from ordinary activities before income tax expense:

| | | |
|---|---|-----|
| Profit from sale of subscriber bases net of closure costs | - | 705 |
|---|---|-----|

5. Contributed Equity

| | Consolidated | |
|---|-------------------------------|-------------------------------|
| | 31 Dec 2003 \$'000 | 30 Jun 2002 \$'000 |
| Issued and paid up capital | | |
| Ordinary shares fully paid 548,204,000 (2002 : 248,204,000) (i) | 131,162 | 77,163 |
| Shares to be issued | | |
| Ordinary shares 39,820,562 (2002 : Nil) (ii) | 7,168 | - |
| | 138,330 | 77,163 |

- (i) On 31 December 2003, pursuant to the DigiPlus Share Sale Deed, the Company issued 300,000,000 ordinary shares to the DigiPlus vendors at 18 cents per share.
- (ii) Pursuant to the DigiPlus Share Sale Deed, the Company is required to issue a further 39,820,562 ordinary shares to the DigiPlus vendors at 18 cents per share to complete the acquisition of DigiPlus at 31 December 2003. These shares were not allotted at 31 December 2003 and have accordingly been disclosed as ordinary shares to be issued. On 24 February 2004 it was resolved to issue these shares.

Further details in respect to the acquisition of DigiPlus are set out in Note 7.

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

Notes to and forming part of the Financial Statements for the half-year ended 31 December 2003 (Continued)

6. Accumulated losses

| | Consolidated | |
|---|----------------|----------------|
| | 2003 \$'000 | 2002 \$'000 |
| Accumulated Losses | | |
| Accumulated losses at beginning of the half-year | (60,802) | (60,985) |
| Transfer from foreign currency translation reserve | - | (4,008) |
| Net profit attributable to members of parent entity | 2,562 | 2,667 |
| Accumulated losses at end of the half-year | (58,240) | (63,326) |

7. Acquisition of controlled entities

The following controlled entities were acquired during the period:

Acquisition

2003

| Name | Date acquired | Consolidated entity interest | Consideration \$000's | Contribution to consolidated net profit |
|------------------------------|---------------|---------------------------------|--------------------------|---|
| DigiPlus Investments Limited | 31/12/2003 | 100% | 79,658 | Nil |

The consolidated entity did not gain control over any entities during the prior corresponding half-year period.

Details of the acquisition are as follows:

| | \$'000 |
|---|----------|
| Consideration | |
| 300,000,000 issued ordinary shares at \$0.18 each | 54,000 |
| 39,820,562 ordinary shares at \$0.18 each to be issued (Note 5(ii)) | 7,168 |
| Cash - on settlement (i) | 10,375 |
| - due on 17/01/07 | 7,513 |
| Acquisition costs | 602 |
| Total consideration | 79,658 |
| Non cash consideration from above | (61,168) |
| Cash settlement to be set-off | (10,375) |
| Deferred cash consideration | (7,513) |
| Accrued acquisition costs | (125) |
| Outflow of cash | 477 |
| Cash acquired in controlled entity | 13,132 |

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

Notes to and forming part of the Financial Statements for the half-year ended 31 December 2003 (Continued)

7. Acquisition of controlled entities (continued)**Fair Value of assets acquired**

| | \$'000 |
|-------------------------------|---------------|
| Cash assets | 13,132 |
| Receivables | 11,389 |
| Amounts due from vendors (i) | 10,375 |
| Inventories | 77 |
| Other assets | 6,802 |
| Property, plant and equipment | 423 |
| Payables | (6,299) |
| Provisions | (8,960) |
| Other liabilities | (2,771) |
| | 24,168 |
| Goodwill on acquisition | 55,490 |
| Consideration | 79,658 |

- (i) Under the DigiPlus Share Sale Deed a right of set-off exists in respect of these amounts and it is the intention of the Company to realise the assets and extinguish the liability simultaneously and as a consequence these amounts have been set-off in the 31 December 2003 financial report.

8. Non-cash financing and investing activities

During the financial period, in addition to the acquisition described above, the consolidated entity acquired property, plant and equipment with an aggregate fair value of \$0.4 million (2002: \$0.33 million) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

9. Segment Reporting**Business Segment**

The consolidated entity operates primarily as a telecommunication provider. More than 90% of revenue, profit from ordinary activities and segment assets relate to this business segment.

Geographical Segments

| | Australia | | South Africa | | Consolidated | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2003 \$'000 | 2002 \$'000 | 2003 \$'000 | 2002 \$'000 | 2003 \$'000 | 2002 \$'000 |
| External segment revenue | 112,696 | 90,492 | - | 306 | 112,696 | 90,798 |
| Inter-segment revenue | - | - | - | - | - | - |
| | 112,696 | 90,492 | - | 306 | 112,696 | 90,798 |
| Unallocated revenue | | | | | 170 | 388 |
| Total revenue | | | | | 112,866 | 91,186 |
| Segment operating profit / (loss) | 2,562 | 1,642 | - | 1,025 | 2,562 | 2,667 |
| Unallocated expenses | | | | | - | - |
| Profit from ordinary activities after income tax | | | | | 2,562 | 2,667 |

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

Notes to and forming part of the Financial Statements for the half-year ended 31 December 2003 (Continued)

10. Contingent assets / liabilities

Pursuant to the Service Provider Variation Deed dated 13 April 2000 with Optus Mobile Pty Limited, the Group has an obligation to set in place a \$7 million bank guarantee in favour of Optus Mobile Pty Limited. At the time of signing the Half Year Financial report, this guarantee was in the process of being put into place. It will be secured by cash assets held by the Group at 31 December 2003.

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2003

Directors' Declaration

In the opinion of the Directors of B Digital Limited ("the Company"):

- (a) the financial statements and notes, set out on pages 6 to 11, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2003 and of the performance, as represented by the results of its operations and their cash flows, for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 24th day of February 2004.

Signed in accordance with a resolution of the Directors.

S.D. Gentry
Managing Director

Independent review report to the members of B Digital Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the B Digital Limited Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 December 2003. The Consolidated Entity comprises B Digital Limited ("the Company") and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.



Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of B Digital Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

KPMG

D P McCOMISH
Partner

Perth

24 February 2004



B Digital Limited Half Yearly Results & Company Update

Sean Gentry - Managing Director
February 2004



contents

1. Key Achievements for the Half Year
2. B Performance Measures for the Half Year
3. DigiPlus Acquisition Overview
4. DigiPlus Performance Measures for the Half Year
5. The New B
 - 31 December 2003 Balance Sheet
 - Proforma Combined Half Year Performance
 - Elements of Forward Strategy





key achievements in half

- ✓ 62% increase in NPAT over previous corresponding period*
- ✓ 26% increase in revenue to \$113 million*
- ✓ 18% increase in customers to 298,000 (all post-paid)*
- ✓ Completion of DigiPlus acquisition
- ✓ Investment by institutions (settled Jan 04)

* Refer table on following page for detail.





comparative performance

Comparative historical performance measures for B

| B only (excludes DigiPlus) | HY Ended Dec 02 * | HY Ended Dec 03 | Increase (decrease) |
|-------------------------------|----------------------|--------------------|------------------------|
| Revenue (\$m) | 90 | 113 | +26% |
| EBIT (\$m) | 1.4 | 2.4 | +71% |
| NPAT (\$m) | 1.6 | 2.6 | +62% |
| Customers | 253,000 | 298,000 | +18% |

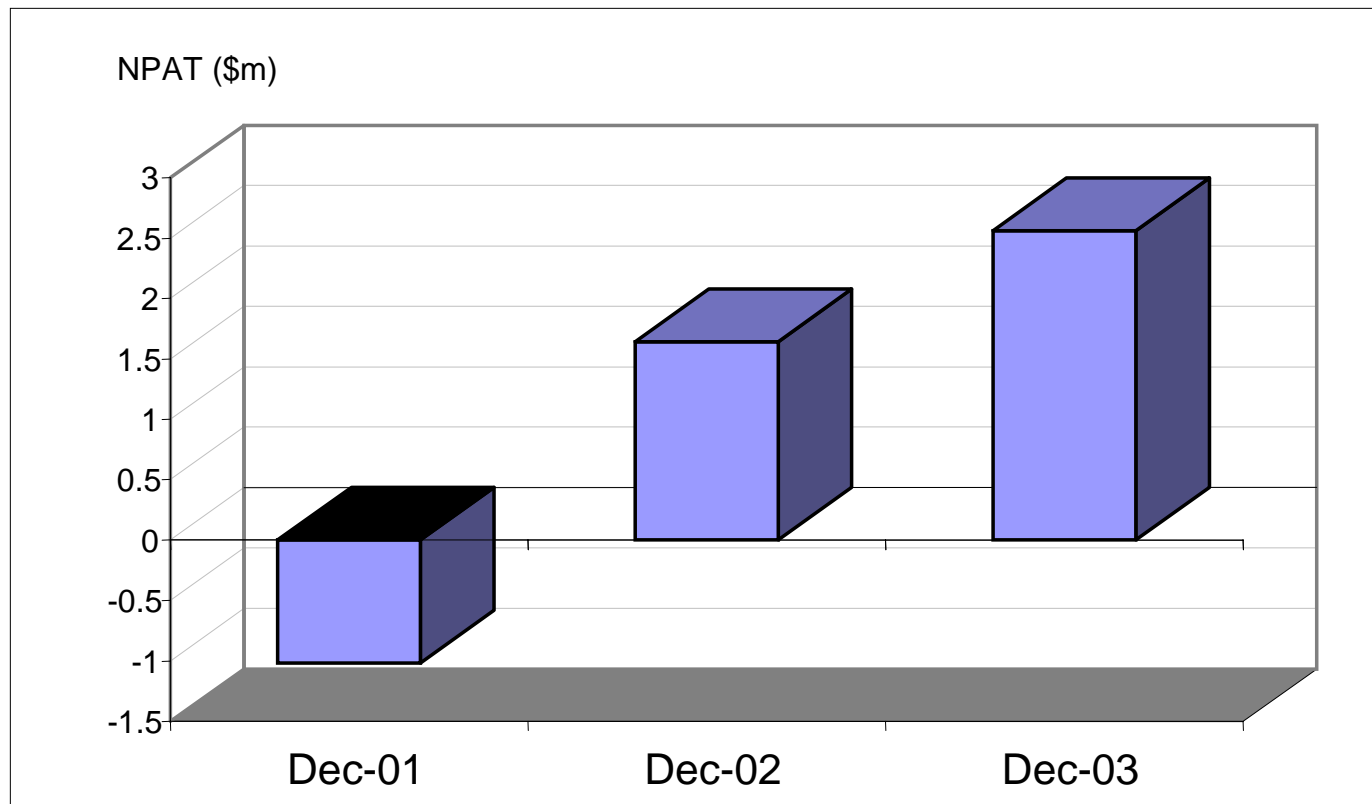
* Adjusted to remove once off \$1.0m profit earned on sale of South African business.





comparative performance

Australian half year NPAT





Acquisition





strategic objectives

DigiPlus acquisition meets the following strategic objectives:

- ✓ Diversifies the product range and transform B into full service telco
- ✓ Improves cash flow and EPS
- ✓ Increases scale to take advantage of economies
- ✓ Effects a change of control to those for whom telecommunications is the core business





DigiPlus overview

- ⇒ Telco established in 1996 and still managed by its experienced founders
- ⇒ 155,000 residential customers utilising one or more services (mobile, ISP or fixed line voice service)
- ⇒ Traditional core is discounted IDD voice service
- ⇒ Niche marketing to creditworthy ethnic communities
- ⇒ Cost efficient agent network and referrals generate majority of customer adds
- ⇒ Strong cost control and cash flow focus





DigiPlus performance

DigiPlus performance prior to acquisition

| DigiPlus Group | Half Year Ended Dec 03 * |
|----------------|-----------------------------|
| Revenue | \$46m |
| EBIT | \$9m |
| NPAT | \$6m |

* Result normalised consistently with YE Jun 03 and QE Sep 03 figures set out in Explanatory Statement dated 12 November 2003.





DigiPlus transaction

Consideration:

- ⇒ Approximately 340 million new B Digital shares
- ⇒ New shares = approximately 58% of B Digital shares post issue
- ⇒ \$20.4 million in cash (\$10m deferred for 3yrs to secure warranties)

What was purchased :

- ⇒ DigiPlus' Australian and New Zealand operating companies
- ⇒ Approximately \$24 million in net assets





the new B

Key consolidated balance sheet figures

| 31 Dec 03 | B Digital Limited |
|------------------------------------|-------------------|
| Net Assets | \$80m |
| Goodwill on DigiPlus Acquisition | \$56m |
| Net Tangible Assets | \$24m |
| Cash Assets | \$24m |
| Carry Forward B Digital Tax Losses | \$42m |





the new B

Proforma combined half year performance measures

| Half Year Ended December 03 | B Digital Ltd | DigiPlus Group * | Proforma Combined ** |
|--------------------------------|--------------------------|-----------------------------|---------------------------------|
| Revenue (\$m) | 113 | 46.4 | 159.4 |
| EBIT (\$m) | 2.4 | 8.9 | 11.4 |
| NPAT (\$m) | 2.6 | 6.0 | 8.6 |
| Customers(Feb 04) | 301,000 | 155,000 | 456,000 |

* Result normalised consistently with YE Jun 03 and QE Sep 03 figures set out in Explanatory Statement

** Not consolidated. Ignores goodwill amortisation.





the new B

Elements of Forward Strategy

- ⇒ Continue the positive profit trend via traditional methods
- ⇒ Introduce new B branded fixed line voice and internet access services
- ⇒ Initially market the new B services to existing mobile customers (low acquisition cost) and more broadly thereafter





the new B

Elements of Forward Strategy

- ⇒ Reduce churn by creating bundles of Mobile, ISP and fixed wire voice offerings with a single bill
- ⇒ DigiPlus to migrate existing override customers to 'basic access' service to capture margin on line rental and a greater percentage of total voice traffic from home phones
- ⇒ Pursue selective acquisitions that meet strict financial criteria

