

MEDIA ANNOUNCEMENT

22nd December 2004



Wholesale Communications Group acquires KBS Internet Pty Limited

Wholesale Communications Group (WCG) today announced, in a deal finalised last week it is acquiring long standing wholesale aggregator KBS Internet Pty Ltd (KBS) for an undisclosed amount.

On 1 January 2005, WCG takes responsibility for the services currently provided to KBS clients.

WCG is an Australian Company with offices in Wollongong and Melbourne providing innovative, cost effective solutions to ISPs and System Integrators. WCG currently supply service to over 220 small and large sized ISPs, Australia-wide. With the KBS acquisition this number grows to over 300 members and makes WCG the largest aggregator / buying group for Communications Services in Australia. WCG are experienced providers of wholesale DSL, Dial-IP, VPN and Voice products.

Matthew Hobbs (Managing Director for WCG) states "This is a strategic acquisition for WCG. After merging OzDial and Wholesale DSL Buying group in June 2004 to form WCG we really only had one large competitor left." And he goes on "by acquiring KBS we effectively take out our largest rival and increase our buying power. WCG is investing heavily in Operational and Billing systems architecture to provide better service for our customers and this allows us to absorb the KBS customer base with little increase in staffing".

Paul Dundas (Director - Sales & Marketing for WCG) said "I joined WCG, taking an equity position, in September after deciding to depart Comindico as National Wholesale Manager – Service Providers, the first order of business was to contact Larry (Larry Kestelman – MD of KBS) to talk about a deal". He continues "WCG are confident that the KBS clients will enjoy joining the growing member base of WCG. We only sell wholesale services and are dedicated to our Service Providers needs. We do not compete with them and do not have a retail presence". "The Directors of WCG all have past experience in owning and running ISP's - experience to help our Service Providers businesses grow. We are continually adding to our product range and expanding our capabilities to ensure you have a wide choice of services to offer to the Service provider Market. If our Service Providers want us to source Credit Card Transaction services or even Stationary we have the buying power to do so." And finally he states "with nearly 60% of Australia's ISP's now dealing through WCG we are a force to be reckoned with, Suppliers are falling over themselves to have us represent their products, we have to select the best products that are most likely to succeed in our channel to market".

Larry Kestelman (MD of KBS) said "the Directors of KBS thought long and hard about the decision to sell KBS and in the end decided it was time to focus on our retail business - DODO (ed. Dodo Internet). With opening our Dodo stores and entering the Business market we had little time to focus on the wholesale market. We needed to find a home for our clients where we knew they would be well looked after. WCG are doing great things and are 100% focused on the wholesale market".

Sean Cooray (Sales Manager for KBS) adds "WCG have a broader range of products available than were available through KBS. The Customers will be able to take advantage of Voice Billing, Preselect and Override, Mobile Phones and Voice Over Broadband (VOIP) in 2005. This will allow them to compete more effectively in the Market"

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Notes to Editors

About WCG

Wholesale Communications Group Pty Ltd is a supplier and aggregator of Communications solutions to the wholesale market, providing innovative, cost effective solutions to ISPs and System Integrators. WCG supply a broad range of services to over 220 small and large sized ISPs and Systems Integrators, Australia-wide. WCG strives to meet the ever-changing needs of our customers. As experienced providers of wholesale DSL, Dial-IP, Bandwidth, Voice and VPN products, WCG can tailor a solution to meet your needs. WCG services and solutions are focussed on providing the best connectivity solutions to all residential and business sectors. Our Members can bring their existing services to us or take advantage of the WCG System.

The WCG System allows our customers to own, operate and manage a fully serviced Internet and Voice Service Provider or private network with little prior technical knowledge. WCG's Virtual Service Provider (VSP) system provides the ability to supply Data and Voice services with very little overhead and marginal set-up costs. WCG products can be used to virtualise an existing ISP or to add Internet access to your product line-up. WCG's L2TP and VPN offerings provide a simple and cost effective method for building large, national private networks. We provide wholesale access to residential and business-grade services including 56k and ISDN Dial-up, ADSL and SHDSL.

Leveraging our base of Wholesale Customers, WCG will be instrumental in the success of Service Providers in Australia. Australia by providing easy to use wholesale voice and data provisioning and billing solutions to easily integrate with existing service providers offerings whilst providing access to world class carrier grade networks for the last mile access required to support successful Data, Voice and VoIP implementations in Australia.

WCG challenge ourselves to exceed your expectations in customer service.

For further info: www.wcg.net.au

About KBS

KBS Internet Pty Ltd is an Internet Services Wholesaler and is a part of DODO group of companies. KBS provides services to over 100 ISP's Australia wide.

For further info: www.kbs.net.au