

*open telecommunications*  
*transforming ideas into solutions*

**Announcement to Australian Stock Exchange**

**27 October 2003**

**Open Telecommunications Ltd (OTT)**

**Equity Capital Raising Update:  
Investor Briefing and Revised Total**

We enclose a copy of a presentation that Open Telecommunications Limited (**the Company**) has used for Investor Briefings in October 2003. The Company has been undertaking Investor Briefings to obtain expressions of interest for participation in the Company's proposed capital raising, as disclosed to the ASX on 9 October 2003.

You will note that the proposed total equity capital that can be raised has increased from \$10 million to approximately \$13 million. As a result of strong indications of likely investor demand, this additional funding will be sought to further strengthen the company's balance sheet.

The presentation was prepared for the sole purpose of providing preliminary background financial and other information on the Company for potential investors. The information in the document should not be relied upon by any person as a complete and accurate representation of the matters that a potential investor should consider in evaluating the Company. In particular, the prospective financial forecasts in this presentation are projections that are the opinions of the directors and have not been independently verified. The projections are based on hypothetical assumptions of the directors and should not be relied upon by any person as providing accurate forecasts of the future prospects of the Company. The directors do not believe that they have sufficient certainty about the future cash flows of the Company to provide financial forecasts that could be relied upon by potential

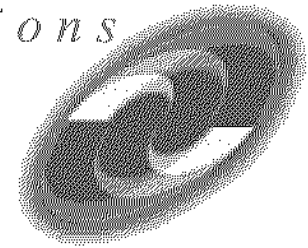
investors. For this reason, when the Company produces a disclosure document to assist it in its capital raising endeavours it is not proposed that the projections set out in this document be reproduced in such disclosure document.

For further information please contact:

Wayne Passlow – CEO  
Open Telecommunications Limited  
(02) 8925 3000

Andrew McMillan – Director Corporate Finance  
Paterson Ord Minnett Limited  
(08) 9263 1211

*open telecommunications*

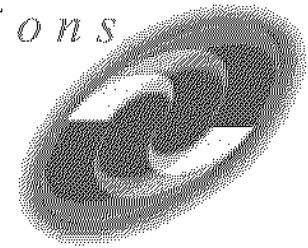


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*open telecommunications limited*

investor briefing  
october 2003

**PATERSON**   
**ORD MINNETT**  
CORPORATE FINANCE  
LEAD MANAGER



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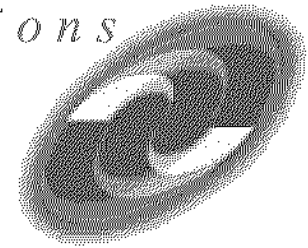
## **Disclaimer**

This presentation is provided to you for the sole purpose of providing preliminary background financial and other information to review the business activities of Open Telecommunications Limited (“OpenTel”).

The information in this document should not be relied upon as a complete and accurate representation of matters that a potential investor should consider in evaluating OpenTel. Before making any investment decision, you should consider, with or without the assistance of a securities adviser, whether any decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

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Paterson Ord Minnett is the Lead Manager to the issue and will be paid a fee for undertaking this role.



*OpenTel intends to raise up to \$13 million:*

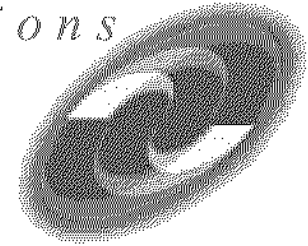
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### **Application Of Funds**

- ✦ **Discharge all Deed of Company Arrangement and deferred creditors** - clears legacy DOCA commitments ahead of schedule
- ✦ **Retirement of all secured debt** - eliminates credit risk
- ✦ **Working capital** - improved solvency and customer credibility

### **An Improving Investment Environment**

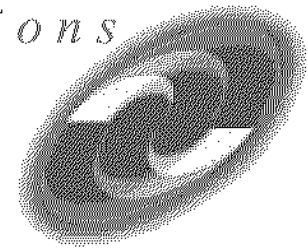
- ✦ **Recovering telco demand** - market opportunities improving
- ✦ **Profits and cash flow** - positive conservative forecasts for calendar 2004
- ✦ **Blue Sky** - switching group market development
- ✦ **Return company to ASX quotation** - restores investor liquidity



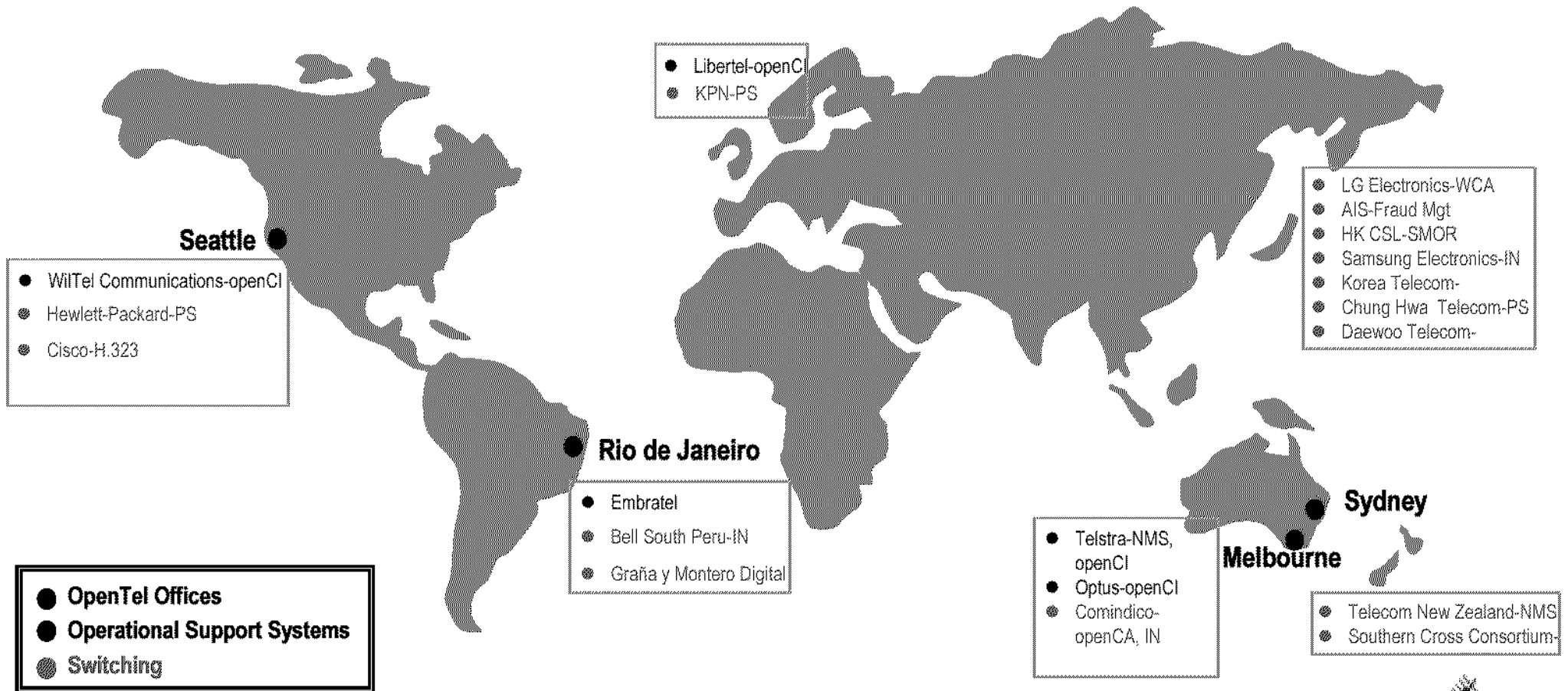
## *company overview*

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- **Established in 1992 by Wayne Passlow**
- **Provides value-adding software solutions to telecommunication carriers through two divisions:**
  - Operational Support Systems (“**OSS**”) division based in Melbourne
  - Switching division (“**Switching**”) based in Sydney
- **Listed on ASX in 1999 (ticker “OTT”)**
- **Suspended since April 2002 following the severe downturn in the telecoms sector**
- **Customers have supported OpenTel through difficulties**
- **Raising capital to address improving markets and retire all debt and deferred creditors**

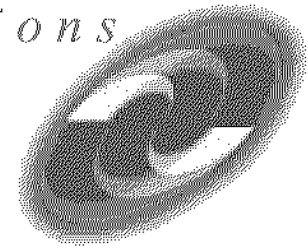


# solutions deployed worldwide



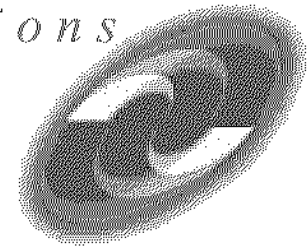
*operational support systems (oss)*  
*- market*

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- ◆ **The OSS market is a large, mature and long term**
- ◆ **The OSS market has been tough over the last 2 years during the Telecom downturn**
- ◆ **Strong signs that market conditions are changing**
- ◆ **Telecommunications carriers seeking ways to further reduce costs and increase revenue by investment in OSS's**
- ◆ **OpenTel's OSS solutions can deliver immediate financial benefits to telecommunications carriers**

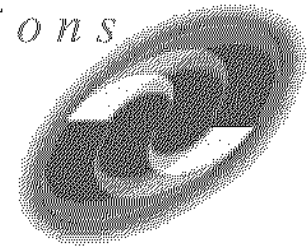




*operational support systems (oss)*  
*- solution benefits*

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- **Reduced service delivery lead times** (customers get service faster, carriers get revenue earlier and the carrier is more competitive)
- **Reduced time to market for new technology services** (customers get new / advanced services faster, carriers get revenue earlier and the carriers is more competitive)
- **Improved network utilisation** (the carrier can make its network work harder and hence save capex spend on extra network capacity)
- **Improved service quality** (the customer gets a better quality service and the carriers costs to service the customer are reduced)
- **Improved inventory management** (the carrier gets more use from its network equipment and can reduce capex spend)



*operational support systems (oss)*

*- current customers include:*

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• **Optus**



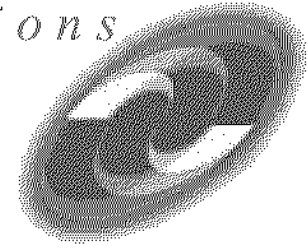
• **Telstra**



• **Williams**



• **Embratel**



*operational support systems (oss)*  
*- markets*

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**Primary Competitors**

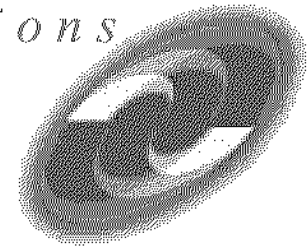
- ◊ Granite
- ◊ Cramer
- ◊ Netcracker

**OSS Sustainable Competitive Advantages**

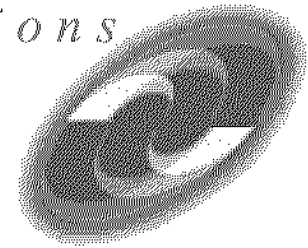
- ◊ The design of the system architecture and its rich functionality
- ◊ Capability and commitment of the OSS team
- ◊ System development roadmap
- ◊ Commitment of cornerstone customers (Telstra, Optus, Williams)

*operational support systems (oss)*  
*- business outlook*

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- ◆ **Telecommunications carriers are now actively seeking to implement OSS solutions to reduce cost and increase revenues**
- ◆ **Telstra, Optus and Williams continue to strongly support the business (maintenance contracts, change requests and professional services work)**
- ◆ **A major customer is considering a substantial OpenTel OSS expansion in 2004**
- ◆ **The OpenTel business development strategy is based on achieving additional business from its major customers or companies associated with its major customers**
- ◆ **Based on this strategy OpenTel now has a healthy prospect list**
- ◆ **The 2004 business plan is a conservative subset of this prospect list**

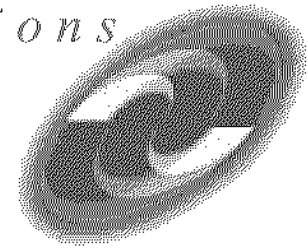


*operational support systems (oss)*  
*- divisional results (\$ millions)*

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	Actual Dec-02	Forecast Dec-03	Forecast Dec-04
<b>Revenue</b>	11.9	7.7	13.4
<b>EBITDA</b>	*N/A	1.7	6.2
<b>EBIT Before Corporate O/H</b>	*N/A	1.1	5.6
* - not available due to Voluntary Administration reporting systems			

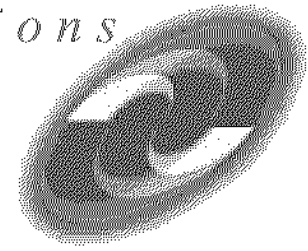
Forecasts are as at Sep 2003 and subject to change



*switching division*  
*- market*

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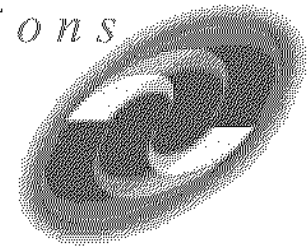
- ◆ **OpenTel has developed next generation switch solutions that enable Voice over IP (VoIP)**
- ◆ **Next generation switching market is dependant on the success of VoIP**
- ◆ **VoIP solutions are more attractive to end customers because of reduced cost and greater functionality**
- ◆ **Take up of VoIP has been delayed by carriers due to the Telecoms downturn**
- ◆ **OpenTel has very good products but the delay in VoIP rollout has impacted the OpenTel switching business**
- ◆ **Limited competition in this market**
- ◆ **Expect VoIP to take off in the next 12 to 24 months**



*switching division*  
*- solution benefits*

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- ♦ **New or enhanced Services that attract more customers to the carrier's network** (the customers get superior services at reduced cost, the carriers earn more revenue, protect market share and improve competitiveness)
- ♦ **Greater per customer usage of the carrier's network** (the carriers get additional revenue per dollar of investment)
- ♦ **Greater efficiency in delivering services** (the customers get services at reduced costs and the carriers also achieve cost reduction benefits)
- ♦ **Improved competitiveness** (lower cost and greater revenue; attracts new customers; and retains existing customers)



*switching division*

*- current customers include:*

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◊ **Comindico**



◊ **Bagan Cybertech**



◊ **LG Electronics**



◊ **BellSouth Peru**



◊ **HK CSL**

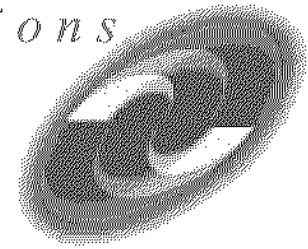
**Hutchison Whampoa Limited**

◊ **Hutchison**



◊ **KPN**





## *switching Division* *- markets*

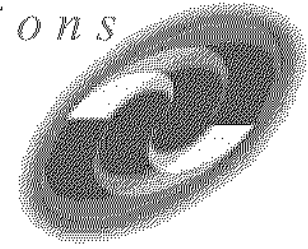
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### **Primary Competitors**

- The major switch vendors (e.g. Lucent, Alcatel, Ericsson, Siemens, Nortel)

### **Switching Division Sustainable Competitive Advantages**

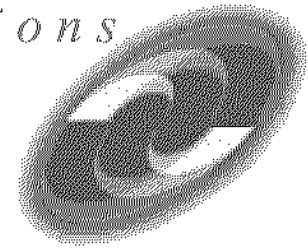
- Design and functionality of the OT softswitch product
- Capability and commitment of the Switching team
- Success of OT's switching solution in the Comindico network
- Commitment of Comindico



*switching division*  
*- business outlook*

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- ✦ **Take up of VoIP is expected to accelerate over the next 12 months**
- ✦ **VoIP will drive opportunities for the OpenTel switching business**
- ✦ **Comindico is an exceptional reference site for OpenTel switch solution capability**
- ✦ **OpenTel has strong ongoing support and maintenance business with Comindico**
- ✦ **OpenTel strategy is to maintain the core Switch team capability and keep the Switching IP current and wait for the upturn**
- ✦ **This holding pattern will not have a negative bottom line impact on the OpenTel business**
- ✦ **There is significant “blue sky” potential in the OpenTel Switching business**

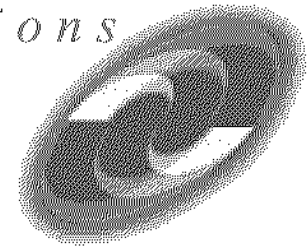


*switching division*

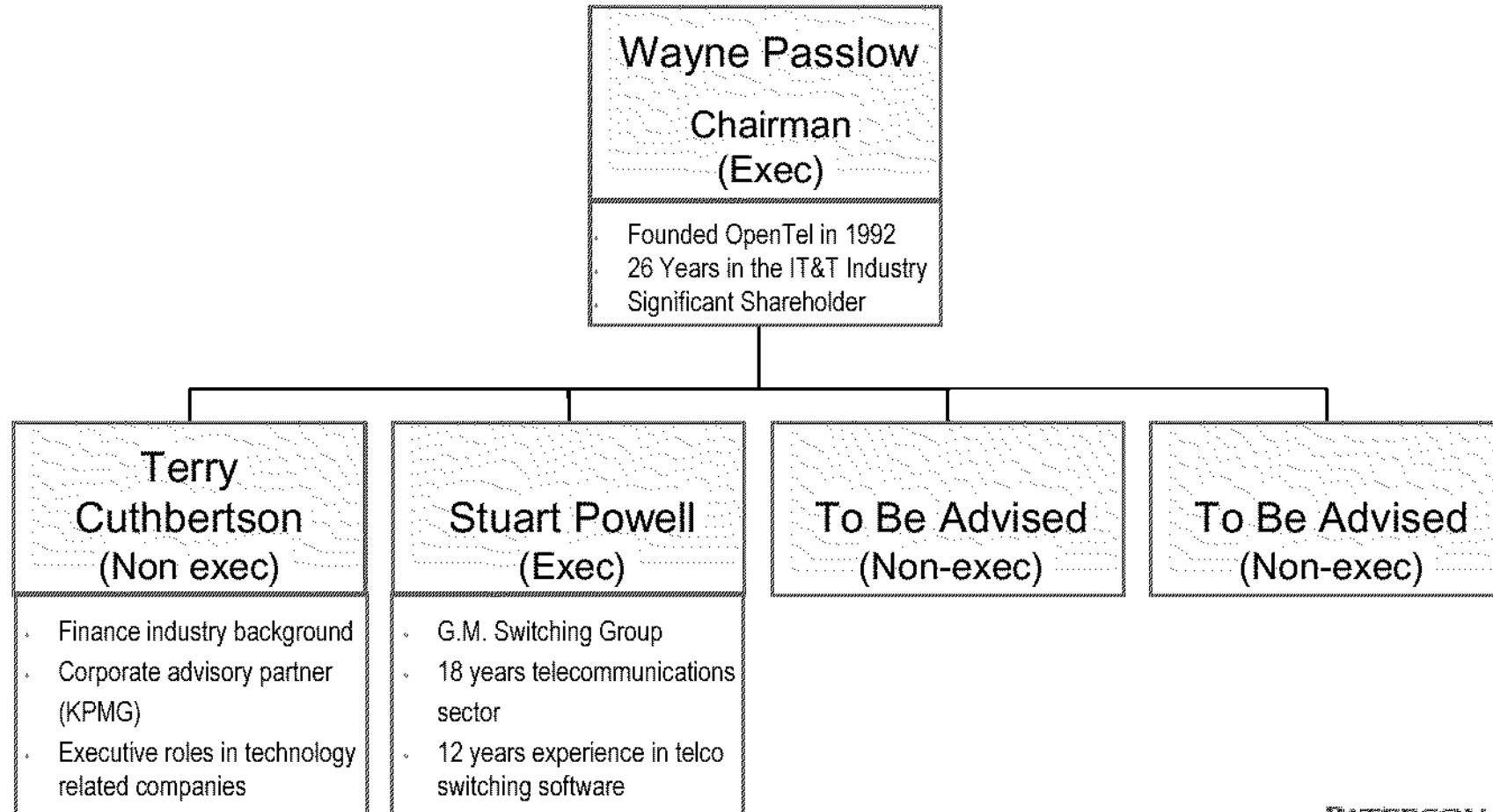
*- divisional results (\$ millions)*

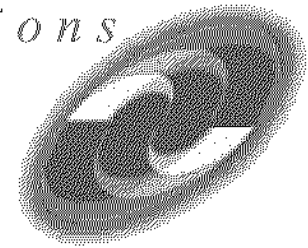
	<b>Actual Dec-02</b>	<b>Forecast Dec-03</b>	<b>Forecast Dec-04</b>
<b>Revenue</b>	8.8	6.9	4.5
<b>EBITDA</b>	* N/A	0.0	1.3
<b>EBIT Before Corporate O/H</b>	* N/A	(0.6)	0.6
<i>* Not available due to Voluntary Administration reporting systems</i>			

Forecasts are as at Sep 2003 and subject to change



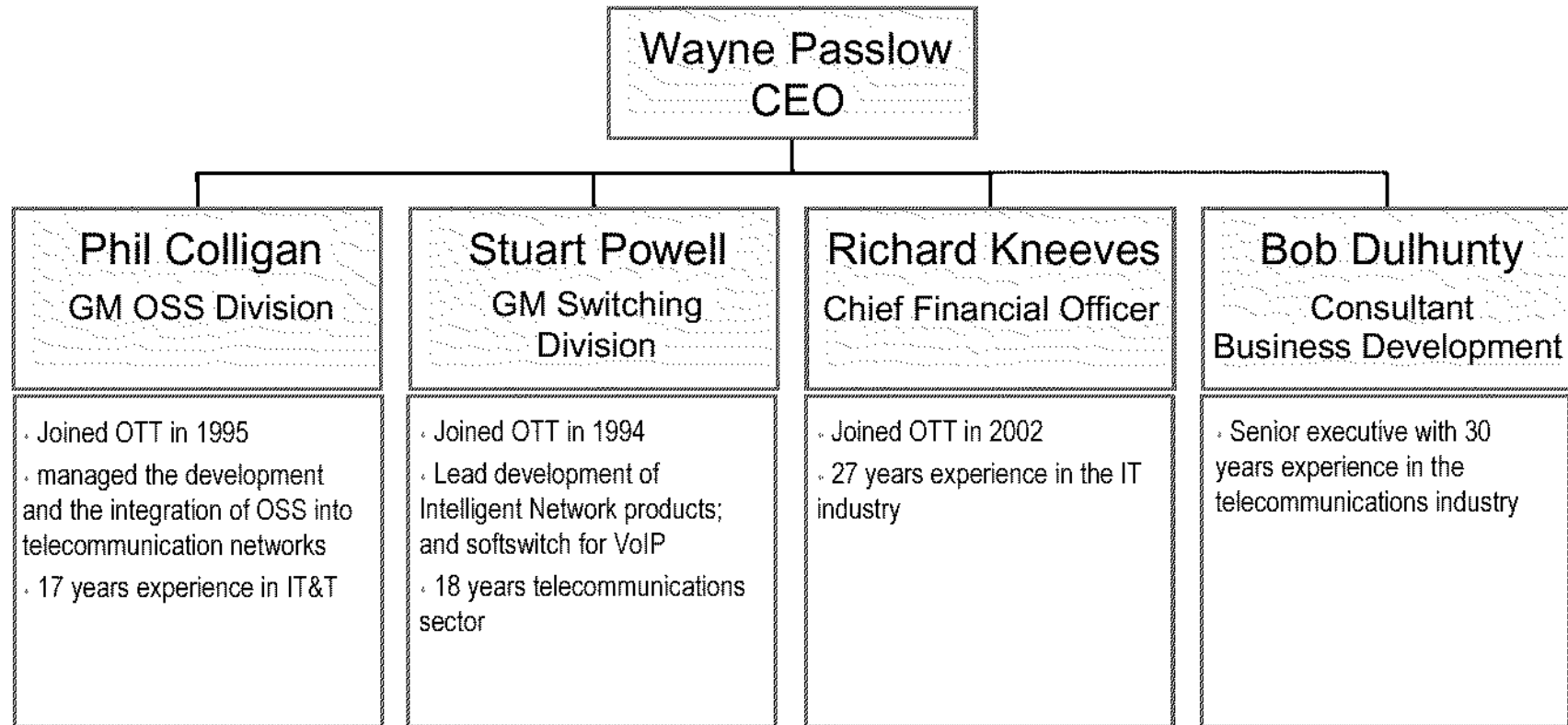
board of directors

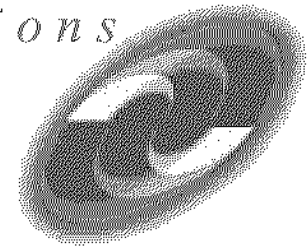




management team

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*staffing numbers - response to market conditions*

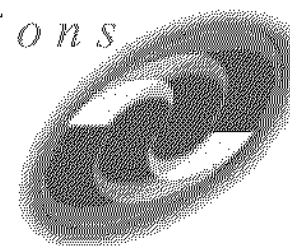
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	<b>ACTUAL Dec 2001</b>	<b>ACTUAL Dec 2002</b>	<b>FORECAST Dec 2003</b>	<b>FORECAST Dec 2004</b>
▲ <b>OSS</b>	174	50	46	56
▲ <b>SWITCHING</b>	195	61	21	21
▲ <b>CORPORATE</b>	26	7	5	5
▲ <b>TOTAL</b>	<b>395</b>	<b>118</b>	<b>72</b>	<b>82</b>

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Forecasts are as at Sep 2003 and subject to change

*open telecommunications*  
*consolidated balance sheet (\$ millions)*  
*- strengthened by up to \$13 m new capital*



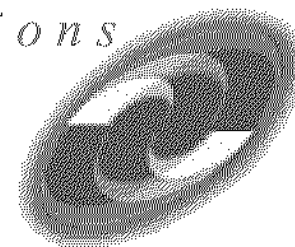
	Actual Dec-02	Actual Jun-03	* Proforma Jun-03
<b>Cash</b>	4.0	0.8	5.7
<b>Other Current Assets</b>	1.5	1.5	1.5
<b>Total Current Assets</b>	<u>5.6</u>	<u>2.3</u>	<u>7.2</u>
<b>Current Debt</b>	3.1	3.2	0.0
<b>Other Current Liabilities</b>	9.1	6.5	3.6
<b>Total Current Liabilities</b>	<u>12.1</u>	<u>9.7</u>	<u>3.6</u>
<b>Net Current Assets / (Liabilities)</b>	<u>(6.6)</u>	<u>(7.4)</u>	<u>3.6</u>
<b>Property Plant and Equipment</b>	3.6	2.9	2.9
<b>Non-Current Liabilities</b>	1.2	1.2	0.2
<b>Net Assets</b>	<u>(4.1)</u>	<u>(5.7)</u>	<u>6.3</u>

*\* Proforma based upon \$13 m aggregate equity capital raising*

*open telecommunications*

*consolidated profit and loss (\$ millions)*

*- improving results*

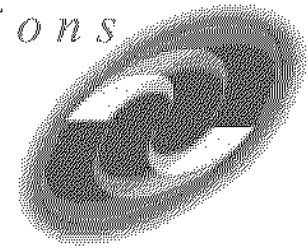


	Actual Dec-02	Forecast Dec-03	Forecast Dec-04
<b>Revenue</b>	<sup>(1.)</sup> 26.8	14.6	17.9
<b>EBITDA</b>	4.5	1.7	7.5
<b>EBIT Before Corporate O/H</b>	(34.8)	0.5	6.2
<b>NPAT Before Corporate</b>	<sup>(2.)</sup> N/A	0.5	6.2
<b>NPAT</b>	(35.1)	(2.0) <sup>(3.)</sup>	4.5
<p>(1.) <i>Operating revenue \$20.7m; Non-operating revenue \$6.1m</i></p> <p>(2.) <i>Not available due to Voluntary Administration reporting systems</i></p> <p>(3.) <i>Does not include costs of funds raising</i></p>			

Forecasts are as at Sep 2003 and subject to change

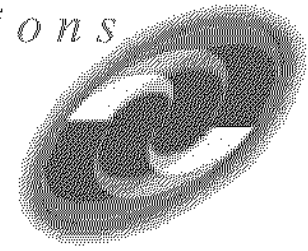


*open telecommunications*  
*investment in R&D (\$ millions)*  
*- continues going forward*



	2001	2002	2003	2004
<b>OSS</b>	13.2	6.7	5.5	6.0
<b>Switching</b>	14.9	5.0	3.5	1.0
<b>Total</b>	\$ 28.1	\$ 11.7	\$ 9.0	\$ 7.0

- All R&D is expensed in the year incurred
- R&D is targeted at work in progress and aims to match costs with revenues
- Significant R&D expenditure to date is not valued in balance sheet



*capital raising*  
*- 2 stage approach*

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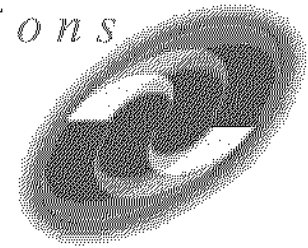
**Stage 1 - Placement**

- **Timing - immediate**
- **Raise circa \$7.2 million at 1.0 cent per share (plus 1:3 options)**
- **Funds not available to the Company until**
  - ( i ) Shareholder approval obtained; and
  - ( ii ) Lodgement of a Prospectus
- **Funds only to be applied to working capital needs (not secured debt reduction)**

*capital raising*

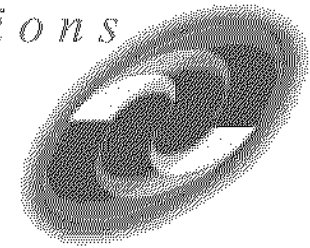
*- 2 stage approach (continued)*

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**Stage 2 - Underwritten Rights Issue (non-renounceable)**

- \* **Raise circa \$5.8 million at 1.3 cents per share**
- \* **Prospectus target lodgement date early November 2003**



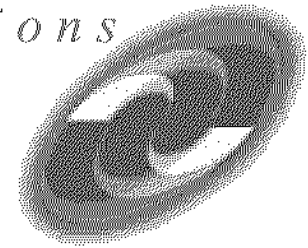
*capital structure*

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	Shares	Options
<b>Current on issue</b>	634,922,255	24,448,629 (1)
<b>Placement</b>	715,000,000	238,333,333 (2)
<b>Sub total</b>	1,349,922,255	262,781,962
<b>Rights issue</b>	449,974,085	
<b>Closing on issue</b>	1,799,896,340	262,781,962

(1) All opening options are out of the money  
(2) Placement options: 2 year @ 1.5 cents

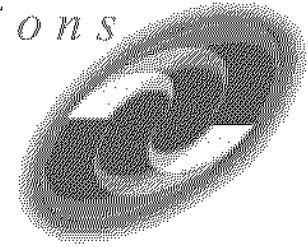
**Capitalisation @ 1.3 cents      \$ 23,398,652**



## *conclusion*

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- ✦ **Financial risk reduced through elimination of all debt**
- ✦ **DOCA creditors paid out ahead of schedule**
- ✦ **Working capital available to support growth and provide customer confidence**
- ✦ **Market opportunities improving with recovering telco demand**
- ✦ **Blue Sky of switching group market development**
- ✦ **Profits and cashflow forecasts for calendar 2004 based upon conservative estimates of known and potential revenues**
- ✦ **Re-listing on ASX to be sought**



# Questions

**PATERSON**  
**ORD MINNETT**  
CORPORATE FINANCE