MyNetFone Your World, Connected

MEDIA RELEASE

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ASX Announcement
My Net Fone Limited (ASX:MNF)

Sydney – 14th November 2012
For Immediate Release

My Net Fone acquires Connexus

Australian telecommunications provider My Net Fone Limited (ASX:MNF) is very pleased to announce that we have entered into an agreement to purchase Connexus, a Melbourne based Internet Service Provider (ISP), that specialises in delivering high quality data communications to small and medium enterprise (SME) customers. MNF will pay $4.75M for Connexus, and the Board expects the acquisition will add approximately $1.6M to our pre-tax profit over the next 12 months.

Connexus has been in business for over 23 years. It has operated profitably for a long time, has its own comprehensive infrastructure and has an excellent team of approximately 15 staff in its Melbourne office.

The acquisition of Connexus will provide enormous benefits to My Net Fone. It is valued at a low pre-synergy multiple of approximately 2.9 times EBITDA, and has a strong and loyal customer base in the SME sector. Additionally, it offers valuable synergy potential to MNF in network consolidation, cost sharing and product cross-selling.

"In addition to being a great business, Connexus provides us with a significant product portfolio in the managed data space, which will allow My Net Fone to become a 'one-stop-comms-shop' for Australian SMEs," said MNF CEO Mr. Rene Sugo. "In addition to our existing products, My Net Fone will now be able to offer our customers a full suite of hosted services, such as email security, web hosting and internet filtering. Conversely, we gain the opportunity to offer Connexus' customers our highly successful suite of telephony products, such as Virtual PBX, Virtual Fax and hosted inbound call services – all hosted on the vast My Net Fone cloud" Mr. Sugo added.

The Connexus customer base consists of approximately 1000 small to medium business customers and about 600 residential DSL customers. At the moment, these customers are only purchasing data products, so we believe there is a real opportunity to up-sell them to My Net Fone's extensive array of voice products, thereby increasing revenue and profit margin.

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Acquisition Details:

My Net Fone will acquire Connexus for a total consideration of $4.75M in cash payable in two instalments, to be completed by the 31st December 2012.

Connexus is expected to contribute gross revenue of $5.2M per annum to the group. The business is expected to add approximately $1.6M in stand-alone pre-tax earnings and more than $2.1M in annualised EBITDA post-synergy. The acquisition is also expected to deliver significant intellectual property value to My Net Fone in the areas of hosted ISP services and knowhow. The company intends to use this to boost our continuous Product Development program.

The acquisition is expected to be EPS accretive in the current year (FY2013), and the company intends to maintain its conservative capital management practice and the regular payment of dividends.

This transaction is to be funded, in part, by way of a $3M share placement to institutional and sophisticated investors, by issuing 4,167,000 shares at 72c. The remaining $1.75M will be funded from free cash flow.

My Net Fone is pleased to advise that this week's $3M capital raising was significantly over subscribed. In the interests of helping to fill that over-demand and providing further liquidity to MNF's stock, an additional 2.5M MNF shares were contributed to the offering by Michael Boorne, a Director of the company.

The Board is extremely positive about the future growth prospects for the company and we will continue to look for acquisition opportunities that bolster earnings.

If you would like to find out more about My Net Fone, please contact CEO Rene Sugo by email rene.sugo@mynetfone.com.au or (02) 9994 8590.

ENDS

About My Net Fone Limited

My Net Fone Limited, (ASX:MNF) is Australia's leading provider of hosted voice and data communications services for residential, business and enterprise users. My Net Fone was first founded in 2004, was listed on the ASX in mid 2006, has 61.7 million shares on issue, has operated profitably since 2009 and has paid dividends to its shareholders every six months since September 2010.

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The company has a reputation for quality, value and innovation, having won numerous awards including the Deloitte Technology Fast 50 (2008, 2009, 2010 and 2012), PC User Product of the Year (2005), Money Magazine Product of the Year (2007) and many others.

My Net Fone's wholly owned subsidiary, Symbio, owns and operates Australia's largest VoIP network, providing wholesale carrier services to the Australian industry, including number porting, cloud-based hosted PBX services, call termination, call origination and many other infrastructure enabled services. The Symbio network carries 2 Billion minutes of voice per annum.