TENNYSON NETWORKS LIMITED

TENNYSON TO GET MAJOR INJECTION FOR FURTHER GROWTH

Announces $10 million capital raising

Melbourne, 17 July 2003 –Tennyson Networks (ASX: TNY) today announced that it had attracted a major new investor to expand its recently acquired Datareach broadband Internet business while retaining and developing its existing Smart Office eXchange (SOX) operations.

As part of the deal, which is subject to shareholder approval, Tennyson will receive a capital injection of $10 million as well as an investor that will marry its own technology and expertise with Tennyson's already formidable products and personnel.

This infusion of working capital and other resources will allow Tennyson to accelerate the international growth of the Datareach business it has just acquired from Ericsson New Zealand. Datareach has a range of products that are ideally suited to take advantage of the rapid global uptake of broadband, always-on fast Internet.

Following the acquisition of Datareach, Tennyson had been in discussion with several parties interested in acquiring its SOX operations. One of those parties was Neoside Pty Ltd, a company controlled by Melbourne chartered accountant Mr John Fletcher and businessman Mr Geoffrey Rubython.

As negotiations progressed, the mutual goals and business objectives of the two parties were analysed. In this process it became clear there were major benefits for all parties if Tennyson retained SOX as well as gaining additional funding, complementary technology and expertise to develop the product range while also expanding the Datareach business.

"We believe that with this significant capital injection, Tennyson will now be in an excellent position to harness the synergies of the SOX and Datareach businesses and have a strong balance sheet to finance the growth and international expansion of the enlarged group," said Tennyson's chairman, Mr Harvey Parker.

As a result of this proposed capital injection, the $3.5 million rights issue previously announced to shareholders will not proceed.

A meeting of shareholders will be held in September to approve the issue of 391.04 million shares to Neoside at an issue price of 2.5 cents per share to raise $9.776 million. A notice of general meeting and accompanying independent expert's report will be issued to shareholders and will contain full details of the proposed issue and of Neoside, which is presently undergoing a reorganization to facilitate the financing of the capital injection. Subject to shareholder approval, Neoside will hold approximately 70% of the increased issued shares of Tennyson Networks Limited.

Tennyson advised that it had today issued 8.96 million shares to private investors at an issue price of 2.5 cents per share, raising $224,000.

Tennyson also advised that Mr Fletcher and Mr Rubython would be joining the Board of Directors and that Mr Ronald Woss, currently Tennyson's largest shareholder, had decided to retire from the Board. Mr Woss stated that he will continue to support the company and its operations.

"The Board wishes to thank Mr Woss for his many years of dedicated service to the company," said Mr Parker.

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