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**Infomedia Exercises Call Option
to Purchase Business of AWP**

International automotive industry IT developer, Infomedia Ltd (ABN 63 003 326 243) ("Infomedia") has announced that it has exercised its Call Option to purchase the business and assets of Australian Windows Publishing Pty Ltd ("AWP") (ABN 42 071 269 424), a Northern NSW based software development company.

Infomedia has completed its legal and financial due diligence investigations and the parties anticipate signing the sale of business agreement and completing the transaction early in July 2002 for the agreed purchase price of $600,000.

AWP is a software development company which specialises in Internet enabling technology. Product and services consist of "shrink-wrapped" electronic catalogue software, management/development tools and a range of server technologies for delivering ecommerce and hosting services to its customers. Customers are any type of business or small trader who wishes to transact business via the Internet in an intuitive and economical way.

Infomedia is purchasing the business as a 'going concern' and it is a condition of the sale agreement that AWP management and staff continue to operate the business and to service existing customers from Infomedia's offices in Sydney.

This acquisition is expected to provide Infomedia with a mature suite of software products which have application to both the existing Infomedia customer base as well as new markets.

In addition, this acquisition is expected to expand Infomedia's software development expertise with mature programmers who are at the forefront of developing software for the ecommerce industry. Furthermore, their use of an outsourced server-hosting centre will be brought in-house to Infomedia's Application Hosting Centre.

This acquisition is anticipated to have a neutral to marginally positive EPS effect during the coming financial year with further upside in subsequent years.

AWP was founded in February 1996 as a developer of multimedia content based around the CD-ROM. From CD-ROMs AWP developed a series of database and organiser software applications and gained valuable experience in creating products with groups such as Harvey Norman, Microsoft, Toyota, Tandy and Bayer Australia.

In early 1998 AWP saw the potential growth in online transactions creating a huge demand for a simple and low-cost e-commerce tool which could enable millions of small businesses to become online merchants. AWP foresaw that only larger organisations would be able to afford the services of web developers and that smaller businesses and sole proprietors would be better served by a simple "do it yourself" website tool - an "online business in a box" solution.

This gave rise to the ezimerchantR range of products which were first shipped in June 1999, and which are the core of AWP's business model. Income is earned from the sale of the shrink-wrapped product as well as from ongoing monthly secure hosting fees.

Presently, the majority of customers are Australian based, however, through a series of

new distribution relationships in Europe, Japan and China, the international market customers are expected to exceed the local market in future. ezimerchant is yet to be marketed in the Americas. Ezimerchant competes in the market with iNETstore in Australia and Actinic and ecBuilder internationally.

Infomedia Chairman and CEO, Richard Graham said that the AWP acquisition supports Infomedia's continued growth strategy. 'The AWP suite of products offers the unique commercial chemistry of both continuity and diversity to Infomedia's existing product range. The retail 'shrink wrap' product range offers a flexible revenue channel to the company, which can be modelled based on product sale, licensing royalty or an ongoing subscription and upgrade path, all of which are consistent with our existing business model.' He continued: 'we believe there will be a strong demand for these products with both our existing automotive customers as well as many other businesses both in Australia and internationally'.

The nature of the AWP product range is also in keeping with the Infomedia's core product values. They are: multilingual, internationally enabled, intuitive and commercially proven. It is also expected that portions of the ezimerchant intellectual property will be applied to strengthen the e-commerce functionality of the company's new Microcat FRESH? and AutoLedgers? products. The Infomedia and AWP development teams will begin work on exchanging elements of IP inheritance between the two product ranges shortly.

Aside from boasting Australia's fastest selling ecommerce package - ezimerchant, AWP has product and consumer experience, distribution networks, blue chip alliances and well-developed support systems. With over 42 different versions in a variety of languages the company has developed technology which allows just one person to manage multiple products, versions and languages.

The main shrink-wrap product range includes:

- My First Store
- Ezimerchant
- Ezimerchant Professional
- Express Store - Chinese
- Eziwebsite 4.0 English/Japanese/French/Dutch
- Ecommerce Dramatix - Japanese
- Ecommerce Dramatix II - Japanese
- Eziboutik - Dutch
- Eziboutique - French
- Ezicatalogue 3.02
- Ezicatalogue Pro 4.0 English/French/Dutch
- Ezifoto

The Global Transaction Server (GTS) provides all the back-end capabilities for merchants using the ezimerchant Professional product. It is a process-oriented facility. For the customer, it provides access to secure 'big company' transaction servers sitting behind the electronic catalogue they themselves built, using the shrink-wrap product. Customers get professional central (ASP) services without footing costs which would otherwise be prohibitive. For Infomedia, it means participation in a continuous revenue stream long after the initial shrink-wrap product has been licensed. Examples of the services the company provides to users via the GTS service include:

- Collecting, storing and forwarding orders in a secure encrypted database environment;
- Allowing seamless collection of the stored order data through the ezimerchant

Professional client program;
- Managing and automating multiple payment methods, such as real time payments with banks and credit card providers;
- Workflow processing;
- Real time calculation of tax, freight and promotions for merchant web sites; and
- Accounting integration into off the shelf accounting packages like Quicken or MYOB.

A sophisticated system architectural model makes ecommerce easier for small to medium sized retail establishments. Merchants just focus on building their electronic catalogue (using ezimerchant) and fulfilling the orders. AWP sees that the order is properly paid and accounted for. AWP IP assets demonstrate world-class Australian software development know-how.

Further to this, statistical data is captured for both the management of the system (AWP or a licensee) and the merchant or site operator.The Global Transaction Server is the hub of the online transaction process. Available in multiple languages the GTS provides a highly featured transaction environment for both buyers and merchant operators worldwide.

The ManageServer is used to bill, administer and support clients. In addition ManageServer provides statistics, automates license key distribution, download of trial products and email marketing. Branded versions are used by licensees such as Quicken and SourceNext (Japan). These services can be branded and operated by licensees.

Ezimerchant has been widely praised in the press for its powerful features, ease of use and value for money. PCWorld and PCAuthority both rated it as the Number One product in its category whilst Channel Nine's Small Business show voted it the 'Best Internet Software'.

For information contact Andrew Pattinson at Infomedia Ltd
Phone: +61 (02) 9913 4761
Email: apattinson@infomedia.com.au

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