



ASX Announcement
engin Limited (ENG)

24 May 2006

Company Announcements Centre
Australian Stock Exchange

engin and M2 VoIP Alliance

ASX release attached.



ASX ANNOUNCEMENT

M2 TELECOMMUNICATIONS GROUP LIMITED (ASX: MTU) & ENGIN LIMITED (ASX: ENG)

M2 TAKES UP VoIP IN ALLIANCE WITH ENGIN

Melbourne, May 23, 2006. Fast growing telecommunications services company, M2 Telecommunications Group Limited (ASX : MTU) today announced it will enter the rapidly expanding Voice Over Internet Protocol (VoIP) market through a wholesale alliance with Australia's leading VoIP network operator, engin Limited (ASX : ENG).

The alliance, to be marketed as M2 VoIP, will see M2 utilise its considerable expertise in bundled telecommunications services to offer a suite of uniquely packaged services targeted particularly at the largely untapped small enterprise VoIP market. These VoIP services will be bundled with M2's expanding M2 Mobile product suite which it currently offers in alliance with Optus Mobile.

The suite of offers from M2 VoIP will include one targeted at M2 Mobile's growing "Group Cap" business mobile plans with M2 VOIP equipment (fully installed) to be offered as a value added inclusion. This will enable small and medium sized businesses to get the best of both worlds - capped savings on their mobile fleets and the value of VoIP when making calls from their fixed phones.

M2's Managing Director, Vaughan Bowen said of VoIP and the alliance with engin; "We feel we are entering the VoIP market at the right time and with the right partner in engin. We conducted a lengthy evaluation of alternative network providers and the commercial viability of VoIP, which notwithstanding the considerable hype, remains a new protocol with only a select few companies able to generate positive earnings".

"We are in a unique position as we are very profitable, have strong underlying revenues, sizable cash reserves and proven distribution channels. By tapping into engin's VoIP network we will be able to make a very substantial impact in the VoIP market by supplying customers with a differentiated VoIP solution," said Mr. Bowen.

The overall VoIP market has grown substantially during the period December 2005 to June 2006 reaching 610,000 subscribers, with 195,000 of these subscribers being paid service users according. The overall VoIP market is expected to total A\$850M by 2009¹.

¹ IDC Australia VoIP Services and Equipment Forecast and Analysis 2005-2009



engin, Chief Executive Officer, Ilkka Tales said "The alliance with M2 is a strong strategic fit for engin as M2 has made a considerable impact in the small business market over the last few years. By focusing on what both organisations do best, we are able to deliver the best outcomes for our customers and rapidly grow our share of the VoIP market."

M2 VoIP will make its initial VoIP products available within the coming four to six weeks through M2's extensive sales channels. The company expects M2 VoIP to positively contribute to consolidated earnings in the upcoming 2006/7 financial year.

M2 Telecommunications Group Limited, which listed on the ASX 18 months ago, is one of the few network independent telco's which has consistently grown both its revenue and bottom line profits during a challenging period for the telecoms industry. M2 has returned high yield dividends to its shareholders for the last three consecutive half years and is on track to meet its strong revenue and profit growth forecasts for the year to June 30 2006.

M2 presently trades on earnings multiple of approximately 8 times earnings, with a dividend yield, based on forecasted full year 2005/6 earnings of around 10%, fully franked. M2's shares closed at 25c yesterday.

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About M2: M2 Telecommunications Group Limited (ASX : MTU) is a network independent provider of fixed line, mobile and data telecommunications services Australia wide. M2 offers a suite of unique bundled telecommunications services and value added offerings that are distributed through an exclusive national network of sales dealerships and agencies. The company has demonstrated strong growth in both revenue and profit year-on-year for each of the last 5 years and was named by BRW as one of Australia's fastest growing companies in 2003, 2004 and 2005 and on the Deloitte Technology Fast 50 in 2004 and again in 2005. M2's balance sheet is free of debt and boasts sizable cash reserves. M2 has an established dividend policy, with high yield franked dividends being paid over the last 2 years. For further information please visit: www.m2.com.au.

About engin: engin, listed on the ASX (ENG), is the first broadband telephony service to be broadly available to Australian consumers and businesses on the shelves of major retailers. engin is headquartered in Sydney, Australia and was granted its telecommunications carrier license in March 2004 to deliver a digital voice service across existing broadband connections. Winner of the ATUG Best Communications Solution – Small Business 2006 award and the 2005 iAwards AIIA communications category, engin provides affordable telecommunication alternatives for all Australian consumers and businesses. For more information, please visit www.engin.com.au

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M2

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