



ASX Announcement

engin Limited (ENG)

9 March 2006

Company Announcements Centre
Australian Stock Exchange

engin continues broadband telephony growth

Sydney, Australia, 9 March 2006 – engin Limited (ASX: ENG) announced its half-year financial result to 31 December 2005, demonstrating significant growth in both subscriber lines and revenues during the period.

engin's revenues have increased by 143 per cent to \$3.03 million compared to \$1.25 million for the previous six months and this sets engin apart as the fastest growing broadband telephony company in Australia. engin's paying subscriber numbers have grown from 5,800 at June 2005 to 18,100 as at the December 2005, and have grown even stronger in the first two months of 2006 to 24,000 at the end of February 2006.

In line with subscriber growth, voice traffic across the engin network also continues to grow. In the month of December 2005, in excess of 6,600,000 minutes of voice traffic was carried over the engin network.

engin reported a half year loss after tax of \$3.75 million (EBITDA loss \$5.13 million), compared to the half year ended June 2005 loss of \$3.41 million (EBITDA loss \$3.79 million), the company's balance sheet remains strong, with current cash reserves of \$5.70 million to fund growth, which will take the company past operational breakeven point.

engin's continued momentum follows on from the announcement on 19 January 2006 that the company had raised \$4.1 million through a private placement, which was significantly over subscribed. engin placed 29.5 million ordinary shares to institutions and investors at \$0.14 per share.

Given the increase in scale with growth to date, key drivers indicate the company is already achieving productivity improvements.

	Half Year Dec05	Half Year Jun05
Broadband Telephony Revenue	\$3.0m	\$1.2m
Paying Subscriber Base	18,100	5,800
Marketing spend per new subscriber line	\$95	\$245
Cost of managing a subscriber line	\$16	\$30+
Paying subscriber line per employee	241	111
Call Handling time	<6mins	>7mins
Products	7	3
CAPEX	\$1m	\$0.3m

Ilkka Tales, CEO, engin said: "We are pleased with our progress, all our business drivers indicate we are on target to meet our business goals. The results show that our growth has been significant and we have balanced this growth with operational effectiveness. We look forward to making even greater strides in 2006 and delivering further savings to Australian consumers and businesses using broadband telephony".

The December 2005 result represents the first financial reporting period that the company has traded solely as engin.

engin owns an Australian communications network and delivers Voice over Internet Protocol (VoIP) telephony services. The service is simple to use and comes with a wide range of features, allowing any broadband user to make and receive calls using their existing telephone and make extraordinary savings.

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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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