

Six Month Financial Results

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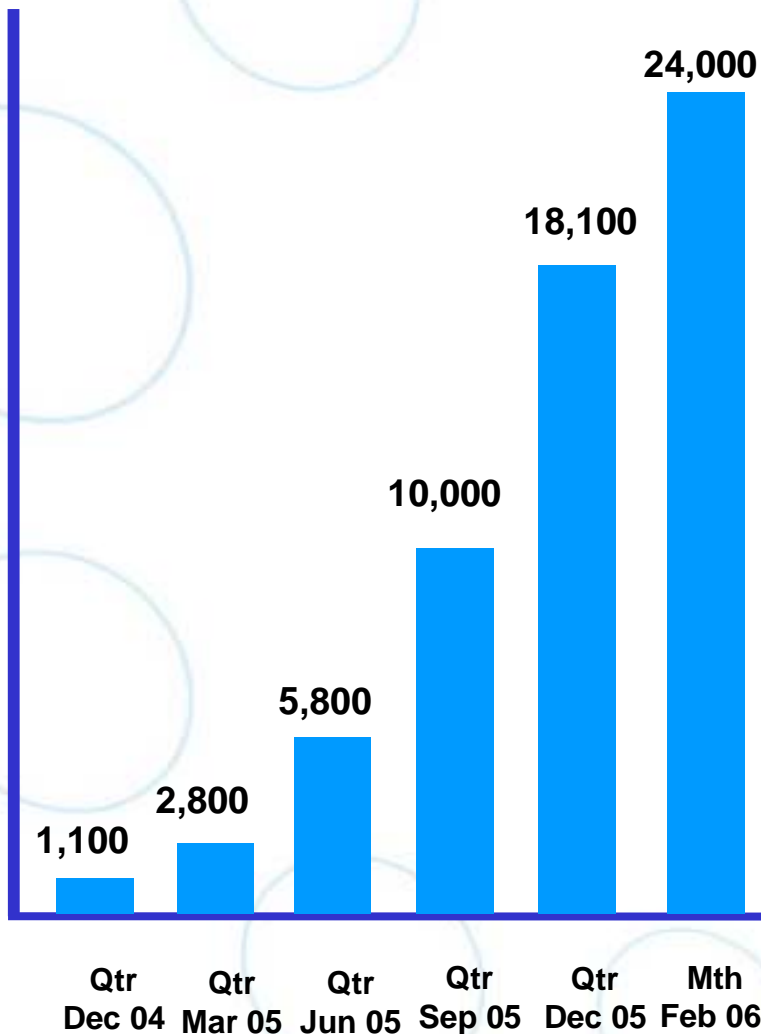


Presenting facts and dollars



The Broadband Phone Company

Net Paying Subscriber Lines



- Past start-up stage
- Focus on scale and operational excellence
- As we scale we improve key cost drivers
- As core business reaches breakeven we invest in new growth strategies



Engin Key attributes



The Broadband Phone Company

End user hardware

We let the customer decide

Network Software

Extensive development from segmented customer experience

Network

Extensive deployed network

PSTN Equivalent service

Carrier and regulatory certainty

Wholesale platform

19 wholesale partners

Distribution

National partners servicing consumers and business

Back office

Serving multiple channel partners
Building for multiple communications platform



Recent Achievements



The Broadband Phone Company

September 05 **10,000 paying subscriber lines, 67% net growth quarter on quarter**
VoIP over powerlines trial commences

October 05 **Netgear launches engin enabled product**

November 05 **People Telecom & Connecting the Community wholesale agreements**

December 05 **Engin launched in Big W stores Australia-wide**
18,100 paying subscriber lines, 81% net growth

January 06 **\$4.1m capital raising**

February 06 **Emphatic National Customer Survey results support VoIP**

24,000 paying subscriber lines 33% net growth quarter to date

March 06 **Best Communications Solution - Small Business category winner-ATUG 2006**



Six months of growth



The Broadband Phone Company

	Month Feb 06	Half Year Dec05	Half Year Jun05	Jun/Dec 05 Increase
Subscriber lines	24,000	18,100	5,800	212%
Monthly Minutes over network	8.5m	6.6m	2m	230%
Revenue for six months	N/A	\$3.0m	\$1.2m	150%
Wholesale Partners	19	17	3	466%
Retail Outlets	1,500	1500	1000	50%
Reseller outlets	450	420	170	147%
Employees (FTE)	75	75	55	36%



**Resolved legacy litigation issues allowing 100%
management focus on growth**

Productivity is Kicking In



The Broadband Phone Company

	Half Year Dec05	Half Year Jun05
Marketing cost per new subscriber line	\$95	\$245
Cost of managing a subscriber line	\$16	\$30+
Subscriber lines per employee	241	111
Average Network uptime	99.93%	99.83%
Call Handling time	<6mins	>7mins
Products	7	3
CAPEX	\$1m	\$0.3m



engin balances growth with operational effectiveness

Profit and Loss Summary



The Broadband Phone Company

Profit and Loss (\$'m)

	Half years ended		
	Dec-05	Jun-05	Dec-04
Revenue - Broadband telephony	3.0	1.2	0.3
Expenses - Broadband telephony	(7.4)	(5.1)	(2.3)
Broadband telephony EBITDA	(4.4)	(3.9)	(2.0)
Revenue - Mobile Innovations	0.2	2.6	17.4
Expenses - Mobile Innovations	0.0	(2.1)	(4.1)
Corporate Costs*	(0.9)	(0.4)	(0.4)
Other EBITDA	(0.7)	0.1	12.9
Total EBITDA	(5.1)	(3.8)	10.9
Interest	0.1	0.1	0.1
Depreciation and Amortisation	(0.3)	(0.6)	(1.2)
Net Profit/(Loss) before tax	(5.3)	(4.3)	9.8

* Includes:

Directors Fees, Public Co Costs, Capital Raising, Employee Share Scheme

engin expects to become operationally cash flow positive at the outset of the new financial year



International Benchmarking



The Broadband Phone Company

Vonage:

	12 mths Dec-02	6 mths Jun-03		6 mths Dec-04		3 mths Sep-05
Paying Subscriber lines	7,781	32,808	→	390,566	→	1,061,786
Employees	90	140	→	648	→	1,393
Paying subscriber lines per employee	86	234	→	603	→	762
Marketing cost per subscriber(A\$)	n/a	\$ 165	→	\$ 241	→	\$ 277

Based on Vonage's February 2006 Prospectus. Conversion \$A1.00=US\$0.75

engin:

	9 mths Jun-05	6 mths Dec-05	2 mths Feb-06
Paying Subscriber lines	6,100	18,100	24,000
Employees	55	75	75
Paying subscriber lines per employee	111	241	320
Marketing cost per subscriber (A\$)	\$ 250	\$ 95	

Note: Size of broadband market US Dec 2003- est 26 million, Dec05- est 38 million

Size of broadband market Australia December 2005- est 3 million

engin is meeting or beating International Benchmarks



Positive themes from customer survey

Commissioned research with ATUG on VoIP perceptions versus reality.

We had over 1300 responses i.e. an astonishing 40% response rate to the final survey.

Survey Results showed ;

- Savings of 55% for households and 75% for businesses
- Customers rate ease of use at 2.7 (1 is easiest 10 is hardest)
- Customers rate VoIP call quality as better than mobile phone
- 29% of individuals and 24% of businesses have given up their fixed lines

engin customers “the voice of broadband”



Distribution Channels



The Broadband Phone Company



Direct Sales

- engin sells direct to customer
- Strategic partnership with Innovations

Innovations

HomeCARE
Direct Shopping

EXPO
CHANNEL
A WORLD ON SCREEN



Retail & Resellers

- Over 2,000 retail outlets and resellers

Harvey Norman

INGRAM
MICRO

BIG W
WE SELL FOR LESS

DICK SMITH
ELECTRONICS

Tandy

LEADING EDGE

Group

Officeworks

harris technology

ht

Wholesale

- 19 wholesale partners to date



Target Market: Consumers & SMEs

Our future – near term



The Broadband Phone Company

Focus on operational excellence and growth of core business;

Growth;

- Customers
- Increase network capacity to 250,000 lines
- Expand distribution to New Zealand

Continual sharp focus on customer experience by;

- Improved customer experience
- Proactive quality measurement
- Scale backend for growth

Focus is on customers and growth



Key Messages



The Broadband Phone Company

engin is **growing fast**

engin has secured **funding** for its future

engin is **delivering** on its customer promise

engin is **balancing** growth and operational costs

engin well placed with strong retail **distribution** partners

