

FY2007 Results Presentation

28 August 2007



Financial Overview



- Operating revenue up 9% on FY06 to \$197.8M
- NPAT \$7.0M – down \$3.7M (35%) on FY06 consistent with the trading update issued Dec '06
- EPS 5.57 cents – down 3.02 cents on FY06
- Strong operating cash flow – \$11.5M
- Final dividend – 2.3 cents per share - fully franked
- Operating cost controls improved EBITDA

Financial Comparisons



2nd Half of FY2006 compared to 2nd Half of FY2007

	6 months to June '06 (\$m)	6 months to June '07 (\$m)	Change (%)
Total operating revenue	93.9	98.7	5%
Gross operating margin ^	45.2	43.2	-4%
Gross operating %	48%	44%	
EBITDA	10.7	10.4	-3%
EBIT	8.3	7.5	-10%
Net profit after tax	4.5	5.1	13%
Earnings per share (cents)	3.62	4.02	11%

^ includes gross margin on handset sales plus Telstra incentives and commissions, and other revenue

Financial Comparisons



FY2006 compared to FY2007

	12 months to June '06 (\$m)	12 months to June '07 (\$m)	Change (%)
Total operating revenue	181.8	197.8	9%
Gross operating margin ^	88.8	85.8	-3%
Gross operating %	49%	43%	
EBITDA	21.1	16.5	-22%
EBIT	16.6	10.8	-35%
Net profit after tax	10.7	7.0	-35%
Earnings per share (cents)	8.59	5.57	-35%

^ includes gross margin on handset sales plus Telstra incentives and commissions, and other revenue

Financial Comparisons



Actual Results compared to restated half year position

“ . . . This situation will improve in the second half of the year, reducing the decline on the prior year’s EBITDA to 10% for the half year and 25% for the full year (Fone Zone reported EBITDA of \$10.4 million for the six months to December 2005 and \$21.1 million for the year to June 2006).”

	Estimated Change (%)	Actual Change (%)
EBITDA for H2	-10%	-3%
EBITDA for FY07	-25%	-22%

Cash Flow Summary FY07



All amounts in \$m

Opening Cash		12.0
Cash Flow from Operating	11.5	
Cash Flow from Investing	(8.4)	
Cash Flow from Financing	(9.2)	
Net (decrease) in Cash		<u>(6.1)</u>
Cash as at 30 June		5.9
Interest Bearing Debt		<u>(11.9)</u>
Net (Debt)		<u>(6.0)</u>

2007 Operating Highlights

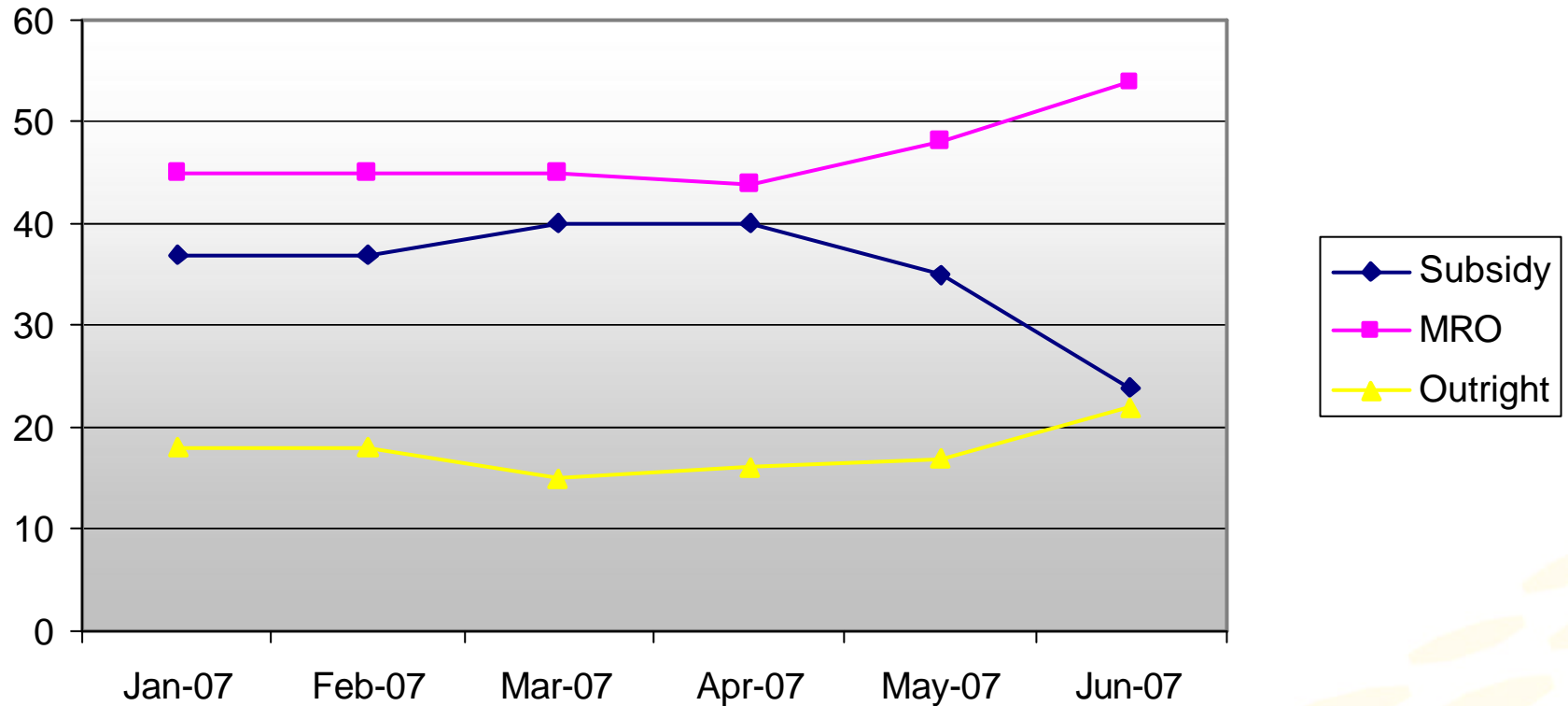


- **Successful integration of Communiqué stores**
- **9 new stores opened FZ / 4 x One Zero / 1 x TLS**
- **Operating cost review successful**
- **Improved MRO percentage as NextG handset range increases**
- **Strong profit recovery in H2 over H1**

2007 Operating Highlights



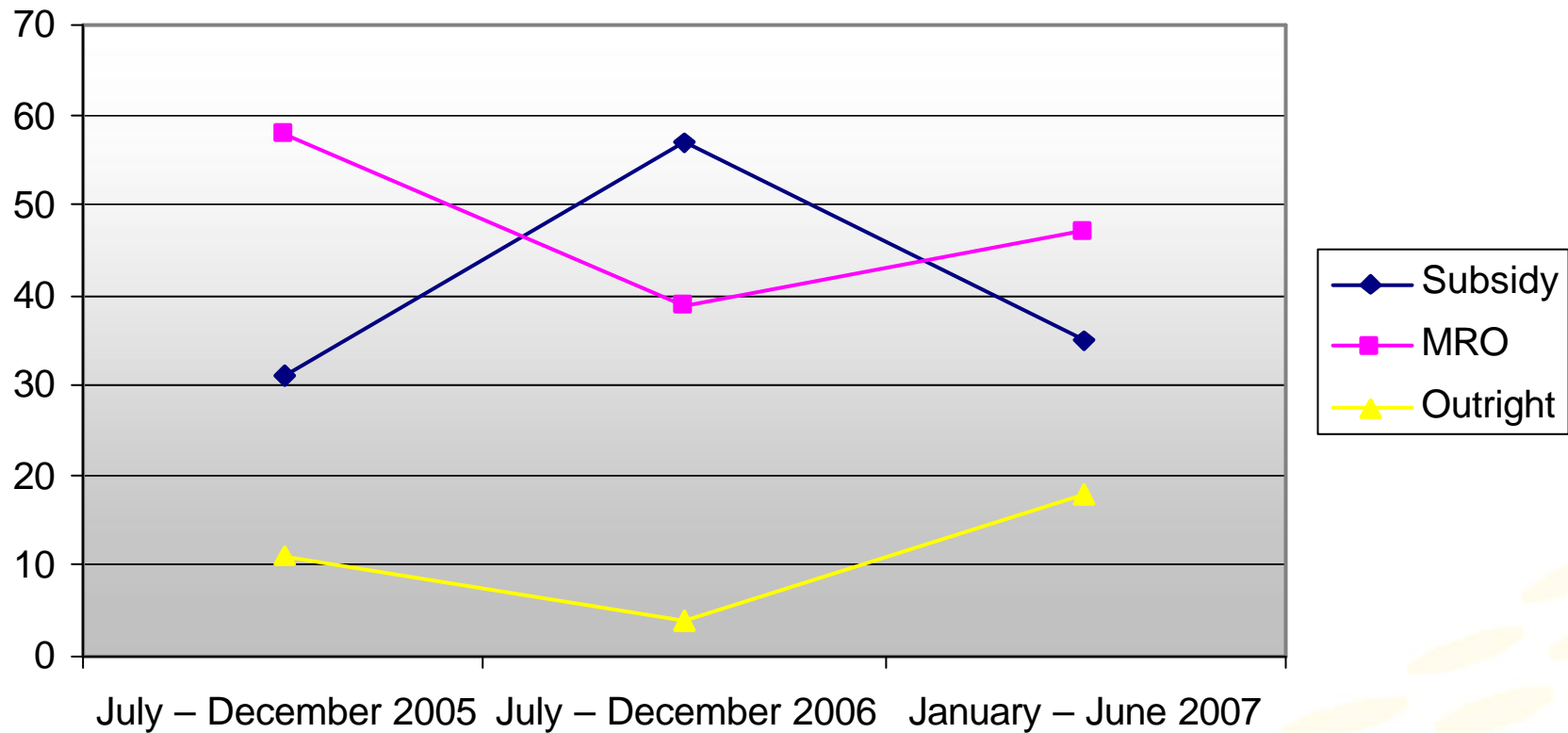
Positive MRO trend – Prior 6 months



2007 Operating Highlights

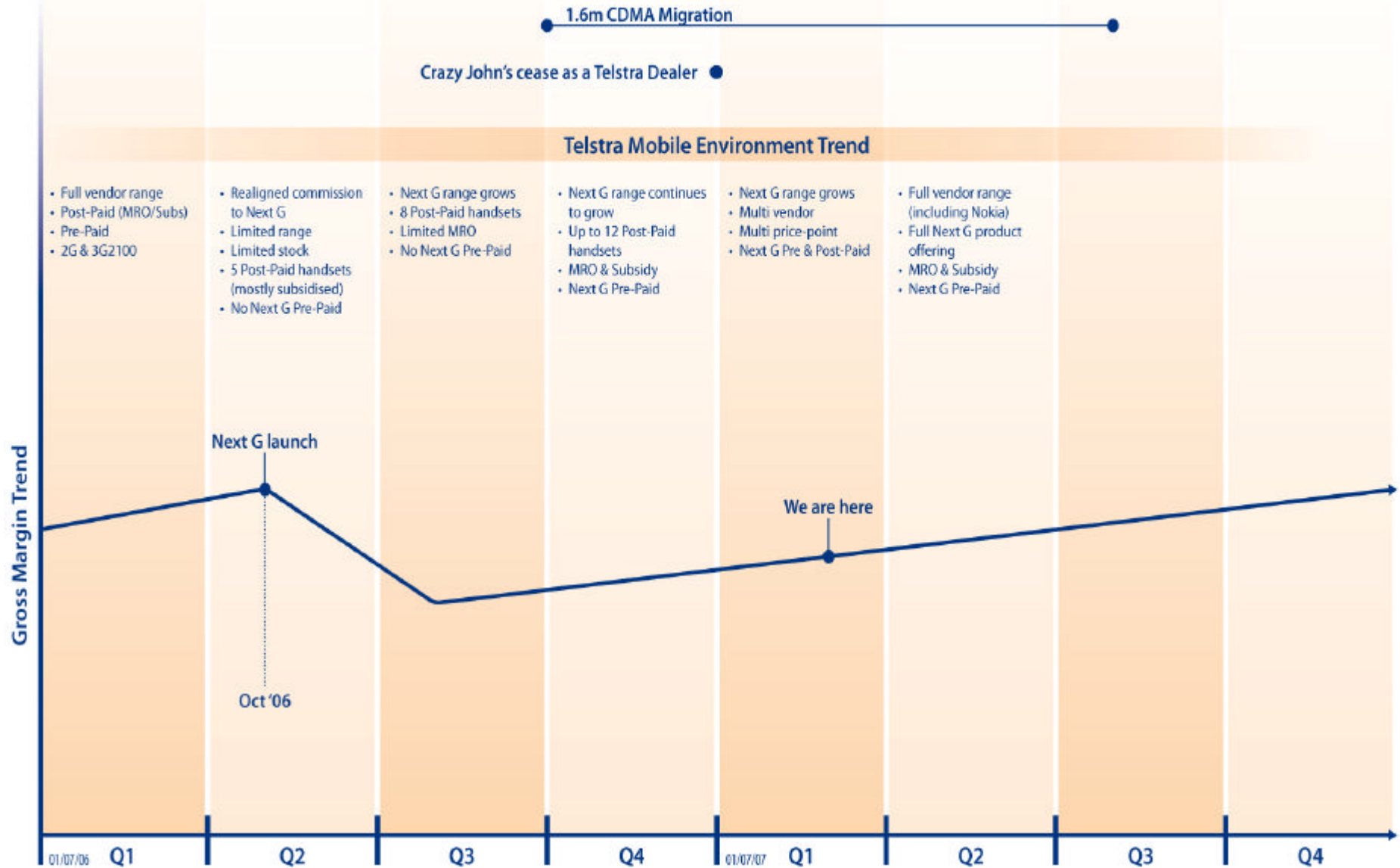


MRO trend - Prior 3 half year periods





Outlook for 2007/08



Outlook for FY2008



- **Continuing recovery in gross operating margin from a growing range of Next G Handsets on MRO platform**
- **Integration and expansion of Next Byte Group as first part of diversification strategy**
- **Positive store on store growth**
 - Introduction of selected Apple products into Fone Zone
 - Additional product lines under review
- **Increased focus on Team Engagement and Customer Service as differentiator**
- **CDMA migration - > 1.0M customers by 28 Jan 2008**

Next Byte Overview



- **Australia's largest specialist retailer of Apple products**
 - 17 Stores across Australia, trialling shopping centre stores
 - Fone Zone's experience to strengthen Next Byte's growth strategy

- **\$6.3 million normalised EBIT in FY2007 achieved on revenues of \$105 million**

- **Acquisition presents the opportunity for further range extension in Fone Zone stores**

- **Existing management retained to drive the business**

- **Consolidated Group Revenue FY2007**
 - Revenue \$303 million
 - EBIT \$17.1 million
 - EPS 7.29 cents