



MEDIA ANNOUNCEMENT

27 September 2005



Fone Zone Group Limited Announces Initial Public Offering

Fone Zone Group Limited today announced plans for its initial public offering (IPO) and listing on the Australian Stock Exchange.

Founded in 1995 by David McMahon and Maxine Horne, Fone Zone has grown to become 's largest specialist independent mobile communications retailer. Fone Zone operates 123 company-owned retail stores that sell mobile phones, accessories and related services.

Fone Zone also has a network of 22 Nominated Dealers who operate a total of 31 retail outlets, an outbound call centre focused on direct sales and customer retention and a business team focused on business customers from small and medium enterprises to larger corporations.

Fone Zone has a history of profitability and cash generation. Over the past five years, annual revenue growth has been at a compound rate in excess of 26% and annual EBITDA growth at a compound rate of approximately 42%. Revenue for the year ended 30 June 2005 was \$153.2 million and EBITDA was \$18.2 million.

Fone Zone plans to maintain its strong earnings growth by continued expansion through an ongoing store roll-out program combined with improved profitability and efficiencies from existing stores.

Fone Zone has forecast FY2006 revenue of \$198.6million and normalised EBITDA of \$22.6 million. At the \$1.00 issue price, the forecast FY2006 normalised price earnings ratio is approximately 10.5 times and the FY2006 forecast annualised dividend yield is approximately 6%.

Fone Zone has lodged a prospectus with the Australian Securities and Investment Commission (ASIC) and is expected to begin trading on the Australian Stock Exchange on Wednesday 2 November 2005.

The offer of 62.2 million shares comprises an institutional offer, a broker firm offer, a priority offer (available to select participants) and an employee offer (available to employees of Fone Zone)1[1]. The broker firm offer will be open from 5 October and close on 26 October 2005.

Interests associated with David McMahon and Maxine Horne will retain a 40% shareholding in Fone Zone following the IPO, while interests associated with Investec Bank () Limited will retain a 10% shareholding.

UBS AG is the Lead Manager and has underwritten the Institutional Offer and the Broker Firm Offer at the Offer Price of \$1.00. UBS Private Clients, Bell Potter and Ord Minnett are acting as co-managers.

Brian Finn, Chairman of Fone Zone, said "Fone Zone is one of 's most successful and fastest-growing specialist retail businesses. The company is about to enter an exciting new phase with its planned listing on the ASX."

The driving force behind Fone Zone's success and profitability has been a total commitment to excellent customer service.

Fone Zone's dynamic customer service driven retail business model has been recognised by more than 20 awards in the last five years including being named Supreme Retailer of the Year for two consecutive years by the National Retailers Association.

David McMahon, Chief Executive Officer of Fone Zone said, "Customer service is the cornerstone of our culture. As we move into a wireless world, our service focus will become even more crucial to assist customers with the right advice with new technologies."

As Australia's largest Telstra Mobile Premium Dealer, Fone Zone is an integral part of Telstra's retail distribution channel connecting more than 25,000 mobile phones per month with a customer base of over 500,000 active mobile phone customers.

Fone Zone's strong relationship with Telstra is evidenced by the five year dealership agreement (with a further two year option) Fone Zone signed with Telstra in March 2005 which provides Fone Zone with a solid platform to continue its growth strategy.

"With our new dealership agreement with Telstra, we have consolidated our position as the largest Telstra Mobile Premium Dealer. We look forward to continuing our track record of profitable growth as a listed company," Mr McMahon said.

Key Dates (indicative only)

Offer opens 9am Sydney time	5 October, 2005
Priority Offer closes 5pm Sydney time	21 October, 2005
Broker Firm Offer and Employee Offer closes 5pm Sydney time	26 October, 2005
Allotment/Expected dispatch of shareholding statements	28 October, 2005
Fone Zone shares expected to commence trading on ASX	2 November, 2005

Offer Statistics

Number of shares available under the Offer	62.2 million
Total proceeds from the Offer	\$62.0 million
Shares on issue following the Offer	125.2 million
Market capitalisation 1	\$125.2 million
Plus net debt	\$11.0 million
Enterprise value	\$136.2 million

Board of Directors

The Board of Directors comprise of Brian Finn , Non-Executive Chairman, David McMahon, Chief Executive Officer; Maxine Horne , Chief Operating Officer; John Murphy, Non-Executive Director; Greg Robertson , Non-Executive Director, Dick Simpson, Non-Executive Director and Peter Wilkinson, Non-Executive Director.