



MEDIA ANNOUNCEMENT

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Fone Zone Group Limited IPO Closes Well Oversubscribed

Australia's leading specialist mobile communications retailer, Fone Zone Group Limited, today announced its initial public offering had closed well over-subscribed.

Fone Zone's Chairman Brian Finn said the strong demand for the offer demonstrated investors' positive sentiments towards the continued growth in mobile communications.

"Fone Zone will begin life as a publicly listed company with a well balanced share register comprising a mix of leading Australian and international investors," Mr Finn said.

Fone Zone has a history of strong profitability and cash generation. Its annual revenue growth has exceeded 26% compound and annual EBITDA growth has been approximately 42% compound over the last five years.

Revenue for the year ended 30 June 2005 was \$153.2 million and EBITDA was \$18.2 million.

Chief Executive Officer and co-founder of Fone Zone, David McMahon, said he was delighted to welcome the new shareholders to the company including a majority of Fone Zone's team members.

"Fone Zone's success is based around our superior customer service and removing the confusion from purchasing mobile communications and it's only through our highly valued team members that this is possible," Mr McMahon said.

"I am pleased that a large number of our team has chosen to participate in the long-term growth and success of our business by becoming shareholders.

"Investors have responded positively to Fone Zone's growth prospects which are underpinned by our continued expansion.

"There is also future scope for further acquisitions, should the opportunity arise," he said.

Major founding shareholders and husband and wife team, David McMahon and Chief Operating Officer, Maxine Horne have retained a 40% percent stake in Fone Zone while interests associated with Investec Bank (Australia) Limited have retained a 10% shareholding.

Mr McMahon and Ms Horne founded Fone Zone in 1995 and it has since grown to become 's largest specialist mobile communications retailer.

It operates 123 company-owned retail stores that sell mobile phones, accessories and the latest in wireless and broadband technologies.

Fone Zone also has a network of 22 nominated dealers who operate 31 retail outlets; an outbound call centre focused on direct sales and customer retention and a business team servicing business customers from small and medium enterprises to large corporations.

As 's largest Telstra Mobile 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 signed a five year dealership agreement (with a further two year option) with Telstra in March providing the company with a solid platform to continue its growth strategy.



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Last month, Fone Zone won both Telstra's Dealer of the Year and Telstra's BigPond Broadband Dealer of the Year awards.

Fone Zone has been recognised by more than 20 awards in the last five years including winning Supreme Retailer of the Year for two consecutive years, 2004 and 2005, from the National Retailers Association as a result of its dynamic customer service business model.

UBS AG was the Lead Manager and UBS Private Clients, Bell Potter and Ord Minnett acted as co-managers of the Fone Zone Initial Public Offer.

Board of Directors

The Board of Directors are 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.

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