



ASX Announcement **engin Limited (ENG)**

19 January 2006

Company Announcements Centre
Australian Stock Exchange

engin raises \$4.1 million in share placement and grows 81% in December quarter

Sydney, Australia, 19 January 2006 – engin Limited (ASX: ENG) (the “Company”), the Australian broadband phone company, today announced that it had raised \$4.1 million through a private placement. The funds will be used to expand the Company’s market-leading position in providing VoIP telephony to consumers and SMEs.

The Company placed 29.5 million ordinary shares to institutions and sophisticated investors at \$0.14 per share. The placement was lead managed by Patersons Securities Limited and was significantly oversubscribed.

The Company is currently the market leader in broadband telephony for consumers and SMEs, with an estimated 40% market share in this segment. Paying subscribers lines grew 81% in the December quarter, and now total in excess of 19,000. The capital raised will be principally used to accelerate marketing efforts and product development with a view to significantly increasing the number of subscriber lines and revenue in 2006.

2005 marked an exceptional first year for engin, with its achievements including:

- Establishing relationships with mass retail distribution partners including Dick Smith Electronics, Harvey Norman, Officeworks, Powerhouse, Tandy, Harris Technology, Big W and Leading Edge Group.
- Establishing wholesale relationships with 17 Internet Service Providers including People Telecom, Ace Communications and TasTel/Aurora Energy.

- First to market with “000” termination globally, a 2 way softphone, PSTN failover and converged fixed mobile products.
- Multiple award winner including the Australian Innovation Award AiiA in the communications category.
- Establishing partnerships with Netgear and Linksys to facilitate the Company’s expansion of its engine-enabled product range

Ilkka Tales, CEO of engin, said, “The capital raising caps a significant first year for engin. We have received exceptional support from some of Australia’s leading financial institutions and are very pleased to have attracted new investors to our share register through this placement. This support validates the Company’s market-leading position and the strong consumer and business acceptance of broadband telephony delivered by engin in Australia.”

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.

This announcement is expected to lift the trading halt on the company’s securities.

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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 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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