

Media Release
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UNWIRED OFF TO A FLYING START WITH STRONG CUSTOMER TAKEUP IN 2004

Unwired releases half year results

Unwired Group Ltd (ASX:UNW), today released its half year results and customer numbers. The company has grabbed 17 per cent¹ of all new residential broadband customers in Sydney since August, putting it among the top broadband providers in Sydney for customer acquisition just four months after its commercial launch on 19 August, 2004.

For the half year to 31 December 2004, Unwired reported revenues of \$5.414 million, including \$4.283 million operating revenue primarily for the 4.5 months since its August launch, and \$1.131 million of other revenue, primarily interest income. The company's cash balance stands at \$30.826 million as at 31 December 2004 with an additional \$1.7 million of long term bank deposits securing bank guarantees.

During the period Unwired also built up its inventory levels to cater for future demand with \$4.8 million in stocks of parts and inventory. The net loss for the consolidated entity for the half year was \$21.271million. This includes \$5.641 million of spectrum depreciation and \$1.5 million of expenses to Austar for the use of the 2.3 GHz spectrum over which the company has an option to purchase.

"The half year to 31 December has been momentous for Unwired. We have delivered on time, on budget and we are currently slightly ahead of our internal targets. We launched our commercial service in Sydney, put in place a strong distribution channel for customer acquisition and continued to improve the capacity and coverage of our network to cater for demand. We are in an excellent position for ongoing business growth and to move to future broadband wireless access global standards under WiMAX," said Unwired CEO David Spence.

¹ IDC Sydney Residential Broadband Report January 2005

According to analyst firm IDC, the number of new Sydney residential broadband customers for the period 1 August to 31 December 2004 was 80,420. For the same period, Unwired's residential broadband additions amounted to 17 per cent of this total. Unwired's total number of customers for the period 1 June to 31 December was 13,766 noting the company did not launch commercially until 19 August.

"We are very pleased with our customer take-up so far. It clearly demonstrates that wireless broadband is not a niche technology but a serious competitor to existing broadband technologies. This is further substantiated by IDC's prediction that wireless broadband will outpace the standard broadband rate of growth by three times in 2005.

"It also shows that Unwired has a compelling proposition for customers. The fact we offer a simple, portable and competitively priced broadband service is attracting a strong customer base," Mr Spence said.

Unwired's largest channel for the period was retail with 63 per cent of new customers, followed by the company's direct channel with 30 per cent and the wholesale channel with 7 per cent.

"This is a mass market offering and our focus at launch was on the retail channel. We now sell through more than 110 retail outlets across Sydney via Harvey Norman, Dick Smith, Tandy, Dick Smith Powerhouse, Domayne, The Co-op Bookshop and select Apple stores. 2005 will see a stronger focus on the wholesale channel when our wholesale agreement with AAPT comes into force.

"We are confident of ongoing success in 2005 and we believe our growth will be reinforced by a number of factors including our proprietary network, brand strength, the uniqueness of our product, the continued migration away from dialup, global WiMAX standardisation and the quantity of spectrum we own across Australia to allow for future growth," Mr Spence said.

Further information:

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