

## Trading Update

- Following completion of the recent ACCC litigation, Tel.Pacific has reviewed the impact that the period of uncertainty had on its trading results in the first quarter
- Exchange rate hedging arrangements will continue to result in unrealised gains and losses of forward exchange contracts being reported in the financial statements
- The normalised half year FY09 result continues to be representative of the performance of the Company over the recent period, although the full year result will be impacted by foreign exchange movements (which Tel.Pacific will separately identify in its published results)

**5 May 2009:** The Board of Tel.Pacific Limited today confirmed that the Company continues to trade in a manner consistent with the normalised result reported for the half year ended 31 December 2008 (as announced to the market in February 2009):

\$000's	Half year ended 31.12.07	Half year ended 31.12.08 (actual)	Half year ended 31.12.08 (normalised)
Revenue	21,310	31,841	31,841
EBITDA	2,115	1,552	2,219
NPAT	1,258	810	1,277

That normalised result was derived from the statutory half year result, amended by one off adjustments for office relocation expenses and the like, and for unrealised foreign exchange losses. As anticipated at that time, operational results so far this calendar year show that 'normalisation' of the results continues to be representative of the ongoing trading of the Company.

The recent ACCC litigation caused significant disruption to the business. However, the newly revised approach to advertising will ensure that customers are even better informed about their calling card purchases, while continuing to pay a fair price for those services. While the flow on cost and margin impacts from the litigation will produce a result this financial year lower than historical trends, the Company anticipates that those impacts will trend towards historical values over time.

In addition, the Company will maintain appropriate hedging arrangements for its ongoing foreign exchange exposures (specifically in connection with carrier costs, substantially denominated in US dollars). These exchange rate hedging arrangements will continue to result in unrealised gains and losses of forward exchange contracts being reported in the financial statements, although the Company believes that a greater degree of predictability will return to this area over time.

The Board anticipates that the next financial year (ending 30 June 2010) will see the Company take advantage of greater certainty across both marketing and foreign exchange arrangements to improve on the margins achieved by the business. This will allow Tel.Pacific to capitalise further on the substantial growth in revenue achieved in the current financial year.

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**About Tel.Pacific**

*Established in 1996, Tel.Pacific is a significant participant in the Australian communications market. The Company's core business centres around the provision of pre-paid telephony products and services through extensive distribution networks.*

*Since its establishment Tel.Pacific has experienced strong and sustained revenue growth. Tel.Pacific sees continued growth opportunity in its pre-paid calling card business and intends to further expand its business activities in this area as part of its long-term growth strategy.*

*Tel.Pacific's core product line comprises more than 30 brands of low cost pre-paid calling cards mainly used for international telephone calls to over 230 countries and regions. The Company's portfolio includes the well known Hello, Joy and GPS brands.*

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