

Half Year Results – 31 December 2009

- EBITDA up 12.6% compared to Underlying EBITDA for 31 December 2008
- Key financial metrics:
 - Revenue decreased to \$27.9 million
 - EBITDA increased to \$2.5 million
 - Net profit after tax increased to \$1.4 million
- Expansion of business to Australian prepaid mobile market
- Interim dividend of 0.4c/share declared, fully franked:
 - Record date 5 March 2010
 - Payment date 19 March 2010

Monday, 22 February 2010: The Board of Tel.Pacific Limited (ASX:TPC) today announced the results of the Company for the half year ended 31 December 2009, reporting solid operating earnings.

Half Year Results at a glance

\$000's	Half-year Ended 31 December 2009	Half Year Underlying PCP (as for 4D)	% of PCP Underlying Profit
Revenue	27,940	31,841	-12.3%
EBITDA	2,499	2,219	12.6%
NPAT	1,364	1,277	6.8%

Tel.Pacific's revenue for the half year decreased to \$27.9 million (down by 12.3% compared with the same period last year), as the Company focused primarily on more profitable revenue streams. Over the half year, in keeping with the Company's strong focus on profitable revenues, certain products were discontinued because they were not as profitable as projected.

With the ongoing focus on profitability, and despite the decrease in revenue, the Company delivered a strong operating profit in the half year, with earnings before interest expense, taxation, depreciation and amortisation (EBITDA) of \$2.5 million, up by 12.6% compared with the PCP underlying profit. Net profit after tax (NPAT) was \$1.4 million up by 6.8% compared with the PCP underlying profit.

In addition to the termination of certain lower profitability products, the increase in profit was driven by improved gross margins from lower carrier costs and the strong Australian dollar.

The Company remains debt free - with a total of \$14.1 million in cash and bank deposits as at 31 December 2009.

Hello Mobile – launch of pre-paid mobile product

Following extensive market review and product development, Hello Mobile was soft launched during the half year, with formal launch on 29 January 2010 when Tel.Pacific signed a Network Capacity Agreement with Vodafone to acquire capacity on the Vodafone Mobile Digital Network. That agreement allows Tel.Pacific to provide pre-paid mobile services to its own end users under its own brands.

Dividend

With the ongoing strong profitability of the Company, the Board declared an interim dividend of 0.4cents per share, fully franked, with a record date of 5 March 2010, and anticipated payment date of 19 March 2010.

Outlook

The recent launch of Hello Mobile is a further tactical example of the Company's strategy of capitalising on its strength in channel distribution. The Company is looking forward to a positive response to its low cost international prepaid mobile service from the consumer market.

The Board looks forward to continued growth in operating earnings for the business over the coming years, and continues to support management in both identifying and capitalising on new opportunities, and in culling those that do not meet the ongoing needs of the business.

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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.