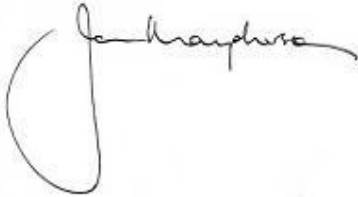


**AUSTRALIAN STOCK EXCHANGE RELEASE**

**CEO's Address to AGM**

**Melbourne, Australia, Tuesday, 27<sup>th</sup> November, 2007 (ASX:FRE)**

The address to shareholders to be given at this morning's Annual General Meeting follows.



Jan Macpherson  
Company Secretary

**About Freshtel Holdings**

Freshtel Holdings Limited (ASX:FRE) is an Australian internet telephone technology company that develops and markets VoIP telephony products and services. Freshtel Holdings Limited offers end-to-end white label VoIP solutions to wholesale customers globally through its wholly owned subsidiaries, Voicedot Networks and Virbiage and has a direct-to-market retail channel through [www.freshtel.net](http://www.freshtel.net)

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**CEO'S ADDRESS**  
**Freshtel 2007 Annual General Meeting**

Good morning Ladies and Gentleman,

It is my pleasure to be addressing you today, at my first AGM as Freshtel's Chief Executive Officer.

I'm delighted to be able to announce today that we have signed an agreement with JB Hi-Fi. The agreement gives JB Hi-Fi exclusive rights to sell Freshtel branded internet phone products throughout Australia in the consumer electronic space. The products will be sold in all of JB Hi-Fi's Australian stores. JB Hi-Fi has provided a commitment towards the advertising and point of sale promotion of the product.

The JB Hi-Fi deal is what we regard as a joint venture partnership to market and sell the Freshtel branded internet phone solution through their stores, as opposed to a white label agreement where the partner would sell the product under their own brand.

The beauty of this arrangement is that it allows Freshtel to focus on its core business of developing internet telephony solutions and capitalise on the brand and retail presence and marketing expertise of our partners to distribute the product. JB Hi-Fi will benefit from Freshtel's technical expertise, having access to our superior range of easy-to-use internet telephony products and learning from our experience with global retailers. It is our success with the Tesco Internet Phone in the UK and the high quality of Freshtel's product that prompted JB Hi-Fi to work with us and demonstrate the market potential of internet telephony. I would like to congratulate the team who have worked tirelessly over the last few months to bring this to fruition.

Before sharing with you our strategic plan, other highlights of the year and my vision for the coming years, I would like to reflect upon what it was that drew me to take on this role at Freshtel.

I first became acquainted with Freshtel, initially as a consultant, in the middle of this year. It was apparent to me, after working closely with Freshtel, that this company has significant potential.

Firstly, Freshtel develops and markets a technology which has the ability to transform the way that people all over the world communicate. And to create this technology Freshtel has an excellent R&D team with a great capacity for innovation. This gives us a distinct advantage over other players in the VoIP space: we have a leading edge, telecommunications grade network which is highly secure and reliability. This network is our technical platform for growth, and gives us the potential to grow at a rapid pace. As I'll take about more later, this network and our R&D team is enabling Freshtel to bring to market internet telephony solutions that give us a competitive edge.

Secondly, the uniqueness of Freshtel's wholesale or white label business model appealed to me, This is a viable business model, and a powerful offering, it allows Freshtel to offer their partners a valuable proposition – that is to enhance the relationships they have with their customers. And it allows Freshtel to focus on what it does best – the development and delivery of the internet telephony solution.

In terms of white labels, the company has a very strong platform for success – namely our white label agreement with Tesco. Through this relationship we have been able to become one of the world's leading internet telephony providers. In fact, the Tesco Internet Phone accounts for 80 per cent of all internet phone products sold in the UK.

My charter as Chief Executive is to harness Freshtel's potential and to position the company to achieve business outcomes that will enable the company to continue to grow and deliver value to you, our shareholders.

A strategic growth plan has been put in place, and we are delivering on this plan – already seeing the results within just a few months.

First and foremost, my focus has been on establishing an organisational framework to improve the operations and efficiency of the business. We have new faces in our executive leadership team including John Coates our Chief Financial Officer and Ian Jackson, Chief Operating Officer. We currently have a very dynamic leadership team. We have brought in valuable new skill sets and experience to the team, which complement the experience and knowledge of those who have held key positions for some time.

A key focus of management over the past few months is to improve the operational efficiency of the business. Key to this has been transforming the culture of our organisation to be more commercial and customer focused.

We have improved our project management methodology, established new processes and assessed our relationships with customers and partners to create a culture that is concerned not only with innovation alone, but delivering innovative projects that meet a defined commercial outcome.

Operationally, we have also gone to great lengths to improve our capacity for business development. As we have said in the past, the establishment of the V2 network was a key

deliverable in supporting our business development capacity. This network is the technical platform for our growth. It has provided an infrastructure with the scalability to support our expansion into additional geographic markets, and growth through additional white label or joint venture partners. Furthermore, there's a real commitment from the team to be more aggressive in our approach to business development, and create the means to convert our prospects into partners and customers more efficiently than we've been able to do in the past. As I often tell investors, I won't talk about the deals until the ink is dry, but I can say that I am pleased with the progress and dedication of the team in this area.

Underlying this is a firm commitment from management to responsibly manage the company's finances. While a great deal has been achieved in the history of Freshtel, relatively inexpensively, we are eager to propel the company towards profitability. Under the guidance of John Coates our CFO, I believe Freshtel is taking a more sophisticated approach to its financial management. We have reviewed expenditure, we have reduced costs where we are able to, and we have implemented initiatives to improve our cash position. As a result I am confident that the company's finances are sound, and performing in line with management and board's expectations

A key achievement for Freshtel this year has been the development of our converged mobile technology solution. Strategically, this technology is a very important component of our growth plan, therefore I am pleased to report that after a year of intense research and development effort, this technology is now in the final stages of commercialisation. We have commitment to release the agnostic solution of the technology in the first half of next year, followed by the unified solution later in the year.

Freshtel's converged mobile technology is the first fully integrated mobile VoIP solution, It will give customers the ability to make and receive calls over the internet, on their mobile handset, utilising a range of technologies such as 3G and WiFi.

This technology gives us a real point of difference in the market giving the user a totally seamless mobile internet telephony experience. Our solution:

- Seamlessly integrates with billing, registration, usage and call minute systems
- Lets the user make calls from their mobile as they have always done
- There's no need for two phone numbers and
- There's no need to select the internet telephony option – Freshtel's technology features a least cost routing feature which will automatically place the call over the Freshtel network when it is available or the cheapest calling option.

We have integrated the converged mobility solution with our white label product, which has created a very powerful solution for our partners. This will allow our partners to offer a full phone service from registration to credit top-up.

Speaking of partners, we are very grateful to have the support of Tesco who remain a valuable strategic partner of Freshtel's. This relationship continues to flourish: this year Tesco launched new landline-style plans for its internet phone service, backed by a large scale marketing campaign, a move that has helped them to drive further uptake of internet telephony technology in the UK market. This would not have been possible without Freshtel's new V2 network infrastructure, and I think this is a fine example of the advantages of the white label business model and also the extent of collaboration that exists between Freshtel and Tesco.

I have been fortunate enough to visit Tesco in the UK recently and attended their annual suppliers' conference. I was able to use this opportunity to further cement the relationship with Tesco. I am confident that Tesco shares our vision for the continued expansion of the Freshtel network globally, and they are supporting us in achieving this goal.

Looking ahead, my plans for the business centre on organic growth, through the operational measures I captured earlier and broadening our reach into geographies outside of the UK.

We have identified, and are progressing opportunities in Australia, Europe and Asia. We will leverage the international network and experience of our management team to capitalise on these opportunities for growth. Partners are also very important to our organic growth plans and in recognition of this we are forging greater strategic relationships with leaders in our industry such as Siemens, Binatone and Nokia.

In conclusion, I would like to thank our Chair, Ken Loughnan and the Board for your guidance and support. My leadership team for their drive and commitment. And our excellent and talented staff who have really embraced the changes put in place over the past few months and who are key in the delivery of our vision for Freshtel.

I look forward to working with you all over the coming years, and look forward to sharing our greater success.