

AUSTRALIAN STOCK EXCHANGE RELEASE

**FINANCIAL RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2007**

**FRESHTEL HOME WITH AN IMPROVED FINANCIAL RESULT DRIVEN BY NEW TECHNOLOGIES**

*Melbourne, Australia, Wednesday 27<sup>th</sup> February 2008*

- Revenue \$2,805,000 up 22% on previous half year result
- Receipts from customers \$2,999,000 up 24%
- Gross profit \$2,213,000 up 88%
- Converged mobile technology a key contributor to revenue growth
- Loss \$3,445,000, a reduction of 9%

Freshtel Holdings (ASX: FRE) has capped off its achievements in the past six months with an impressive growth in revenue, and improvement in its overall financial result.

The company announced today in its interim results it had delivered a 22% increase in revenue, and 88% increase in gross profit.

Overall, Freshtel reported a loss of \$3,445,000, a decrease of 9% on the same period last year, which is in line with management's expectations.

While revenue has grown, there was an increase in costs relating to employee benefit expenses which rose by 27%. This is in line with continued investment in resources for the development of Freshtel's leading edge converged mobile technology solution which will be released in Europe in the second quarter of 2008. There was also an increase in administrative expenses relating to the company's move to larger premises.

Rhonda O'Donnell, Chief Executive of Freshtel Holdings said the results showed that Freshtel was trending in the right direction, and that the company was confident it could achieve stronger growth over the next twelve months.

"The Freshtel Board and management are pleased to report that our revenue continues to grow, and that our overall loss has decreased. We have made significant progress in our ability to commercialise our technology to ensure ongoing revenue flows, positioning the company for positive revenue growth in the future.

"In addition to welcoming new members to the management team, Freshtel entered in a major retail agreement with leading Australian retailer, JB Hi-Fi which will see a range of unique new products on sale in Australia, which will have broad customer appeal.

“The licensing agreement for Freshtel’s converged mobile technology was a key contributor to our revenue growth. This technology, which allows users to make calls over the Freshtel network using their mobile handset and a wireless internet connection is quite unlike any other offering on the market and will allow customers to make significant savings on their mobile calls.

“Innovation through R&D is very important to our business, and in the half year we have demonstrated our ability to develop leading edge technology and products which will keep us at the forefront of this industry. We are now focused on becoming more efficient in the technology commercialisation process, and extracting greater value from our investment in this area,” Ms O’Donnell said.

Ms O’Donnell said that the management team had already seen a good result from its new financial management team, but would strive for continual improvement in cost management.

“Under the guidance of our CFO, John Coates, the company continues to focus on and closely monitor expenditure in order to drive further improvement in our financial performance. The half year results have shown an improvement in cash flow which is a positive indicator that Freshtel is already achieving good results in this area,” she said.

-ENDS-

### **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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