

Tel.Pacific buys C2 Comms calling card business

- Tel.Pacific agrees to buy the C2 Comms calling card business
 - Portfolio of international calling cards includes well known brands – *Click, South Asia, Click Africa, Click Vietnam, No Bull, True Time, Compass, Snap, My World, Sweet Talk*
 - Cards will continue to benefit from the “Powered by AAPT” logo
 - Substantial strategic benefits for Tel.Pacific
 - Increase existing distribution networks
 - Increased scope of operations in key target markets of South Asia (particularly India)
 - Economies of scale, with increase in total minutes on Tel.Pacific network
 - Opportunity to sell C2 cards into existing Tel.Pacific national markets
 - Acquisition consideration of up to \$3million to be paid in four tranches, with all but the initial payment subject to meeting certain operational targets.
 - Vendors have entered into three year restraint obligations
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Tuesday 20 November 2007: The Board of Tel.Pacific Limited (ASX:TPC) today announced that the Company had signed an agreement to purchase the calling card business of C2 Comms.

Tel.Pacific will pay up to \$3million for the business, in four staged payments, with the last three payments subject to C2 meeting certain operational performance targets.

Greg McCann, Tel.Pacific’s Chairman, said “As we said in our Prospectus, the Board of Tel.Pacific sees opportunities in the calling card market, particularly with a number of smaller players in a market which favours scale. We are pleased to be able to work with the C2 Comms team to acquire a quality business, which has substantial benefits for Tel.Pacific and its shareholders”.

The C2 business is focused on international calling cards, including *Click, South Asia, Click Africa, No Bull, True Time, Compass, Snap, My World, Sweet Talk* and *Click Vietnam*.

C2 calling cards have a strong reputation in the market, and are the only cards that benefit from the “Powered by AAPT” logo. Tel.Pacific will continue its existing close relationship with AAPT following the acquisition, and will continue to benefit from the “Powered by AAPT” logo on the C2 family of calling cards.

The Board anticipates that this acquisition will substantially boost Tel.Pacific’s overall revenue and international call minutes, and give it better access to markets which the Company has not yet fully penetrated. This increase in volume is particularly valuable in a business where volume and scale offer significant advantages (such as in negotiating international termination arrangements with carriers).

In addition, Tel.Pacific’s existing distribution network has substantially broader national coverage than the network acquired from C2 Comms, which allows the Company to distribute the C2 family of cards nationally, into regions where they previously have not had any presence. Commenting on this, Charles Huang, Tel.Pacific’s managing director, said “The opportunities we see from acquiring the C2 calling card base are available not just from increased scale on the Tel.Pacific network and access to new markets, but also from the other advantages that Tel.Pacific brings to such a base – such as the opportunity to distribute the C2 family of cards to new markets through our existing national network”.

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The Company confirmed that all existing C2 Comms calling cards can continue to be used, and will be enhanced over time as Tel.Pacific takes on the full distribution of the cards.

The Company anticipates that the acquisition will be concluded, and all payments finalised, before the end of the 2008 financial year. The existing principals of the C2 business will assist with the transition, and have entered into restraint obligations for a period of three years following the sale, to ensure that Tel.Pacific receives the full benefit of the C2 family of cards.

For more information please contact:

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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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