

## **Tel.Pacific completes acquisition of Mobile Real Time Monitoring “Intelligent Network” Platform**

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- Tel.Pacific has completed the acquisition of the MRTM platform, a real time intelligent networking platform, embedded within the network owned by Vodafone Hutchison Australia (VHA)
    - Purchase price approximately \$4m, paid from cash reserves
    - All relevant IT assets (hardware and software), and IP transferred, with appropriate licences for related IP
    - Key operating staff have agreed to transfer to Tel.Pacific
    - Novation of all customer contracts – third party revenues currently of around \$1m per annum (both VHA and wholesale customers)
    - Material cost savings to Tel.Pacific (internalising Hello Mobile platform costs)
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**Wednesday, 30 June 2010:** The Board of Tel.Pacific Limited (ASX:TPC) today announced the completion of the acquisition of the Mobile Real Time Monitoring (MRTM) Intelligent Network Platform from Service Stream Limited<sup>1</sup>.

The MRTM Platform comprises an innovative and intelligent network switching solution integrated into the Vodafone Australia network, with real time monitoring of mobile traffic associated with the platform. The system enables pre-paid and compelling corporate & government fleet management services for mobile networks. Tel.Pacific worked with Service Stream to customize the MRTM platform to deliver its recently developed Hello Mobile product.

The acquisition includes all relevant business assets comprising the platform, including all necessary hardware and software, and associated Intellectual Property (and the agreement included appropriate licences to all necessary third party software and IP).

The purchase consideration is \$4m, with a component of the consideration retained to ensure completion of certain necessary transition tasks to be completed in the coming months.

Tel.Pacific has a strong balance sheet and used its existing cash reserves to fund the acquisition.

While the Company has managed its own real time billing systems for its calling card operations since inception, the recent development of the Hello Mobile product required the use of a third party platform to achieve Tel.Pacific’s ‘speed to market’ requirement. The acquisition of the MRTM business assets brings that third party platform ‘in house’, and gives Tel.Pacific complete control over the billing and management of Hello Mobile.

This not only provides a substantial cost saving to Tel.Pacific, with the internalisation of the existing Hello Mobile platform costs, it also allows greater flexibility and speed in the future development of the

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<sup>1</sup> A common director of Service Stream and Tel.Pacific (Stephe Wilks) declared his interest to the respective Boards at the time of the initial discussions, and took no part in the subsequent board resolutions to transfer ownership of the platform.

platform. This will be a critical strategic advantage in the Company's operation in what it anticipates will be an increasingly competitive market.

The platform also provides a range of services to existing customers including VHA and certain of its wholesale customers. Tel.Pacific anticipates being able to offer the same benefits of flexibility and speed of development to those customers to ensure they remain delighted with the service they are currently offered, and – ideally – continue to develop and grow with the platform. This is particularly important to the Company given that those customers currently deliver revenue of around \$1m on the platform.

A further opportunity exists to develop the MRTM platform to provide wholesale services to new third party customers, and Tel.Pacific anticipates putting in place additional arrangements to pursue this opportunity in the coming months.

The Board believes that the MRTM Platform acquisition provides another solid tactical plank in the Company's strategic objective to maximise the benefit of its existing channels to market, and develop appropriate adjacent market opportunities.

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For more information please contact:

Charles Huang  
Tel.Pacific  
(02) 8448 0663  
[www.telpacific.com.au](http://www.telpacific.com.au)

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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.*