

**Press Release**

[\[ data \]](#)

[\[ voip \]](#)

[\[ phone \]](#)

[\[ mobile \]](#)

**For Immediate Release**

## **People Telecom Half Year Results to 31 December 2007**

**Sydney, Thursday 21 February 2008**

The People Telecom group (ASX/NZX: PEO) today announced its results for the half year ended 31 December 2007, reporting strong growth in data revenues during the first six months of financial year 2007-08.

Total recurring revenue for the continuing operations was \$47.4 million in the first half of the financial year.

Compared to the prior corresponding period:

- Data revenues have grown strongly and are up 17% to \$12.2 million
- Mobile revenues and fixed voice revenues were lower due to a number of factors including retail price pressures in the marketplace.

People Telecom CEO, John Stanton, said it was encouraging that the group's data revenues had continued to grow strongly, partially offsetting the decline in some other revenue lines. He noted that the new three year, \$200m supply agreement recently signed with Telstra Wholesale would help ensure the competitiveness of People Telecom's fixed voice and broadband offerings going forward, and that negotiations were underway to secure more competitive mobile rates.

The net loss recorded by the group during the first half was \$1,332,854.

People Telecom commenced an organisational transformation during the first half of 2007-2008 to position the consolidated entity for stronger results going forward. Restructuring costs incurred as part of this restructuring contributed to the first-half net loss.

Other factors that are expected to bear positively on the group's financial performance during the remainder of the financial year include

- the cumulative effects of the dedicated customer retention programs that have been in place since the beginning of the financial year. This initiative to date has achieved the re-signing of contracts with existing customers worth more than \$12 million;
- the impact of margin assurance programs which are expected to realise further improvements in overall gross margin during the second half of the financial year;

- improved customer service levels as evidenced by faster response times and reductions in customer churn levels; and
- the completion in January 2008 of an upgrade to the People Telecom core network infrastructure, which is resulting in improved network performance for customers and gives the group the ability to manage a much larger data services customer base.

The Directors of People Telecom also announced that Mr Ryan O'Hare had retired from the Board, effective 20 February 2008, to pursue other interests. The Directors acknowledged Mr O'Hare's valuable contribution to the growth and development of People Telecom over a period of eight years, as a co-founder and former CEO of the group and as a Non-executive Director over the past 18 months, and wished Mr O'Hare well in his future endeavours.

### **About People Telecom**

People Telecom is a leading supplier of a broad range of telecommunications products and services, providing a convergence of Voice, Mobile, Data and Hosting. In both the business and consumer segments we follow a simple philosophy: 'listen to our customers and bring them the best in class products and services available in the market' - our customers always come first.

People Telecom, through its **peoplenet 4** web-based customer portal, continues to lead the industry with its on-line billing and service management solutions, allowing customers to take full control of their billing and communications.

People Telecom was recently recognised at number six in the BRW Fast 100 Awards and was named Best Regional Service Provider in the 2007 Australian Media, Entertainment and Telecommunications Awards.

For further information, please visit <http://www.peopletelecom.com.au> or contact:

John Stanton  
Chief Executive Officer  
People Telecom Ltd  
(02) 9458 5801  
[john.stanton@peopletelecom.com.au](mailto:john.stanton@peopletelecom.com.au)

Adam Zines  
Chief Financial Officer  
People Telecom Ltd  
(02) 9458 5813  
[adam.zines@peopletelecom.com.au](mailto:adam.zines@peopletelecom.com.au)

# Appendix 4D

## Half yearly report Half year ended 31 December 2007

PEOPLE TELECOM LIMITED ACN 009 273 152
--

### Results for announcement to the market

				\$A'000
(2.1)The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities	Down	6 %	to	48,719
(2.2)The amount and percentage change up or down from the previous corresponding period of (loss) from ordinary activities after tax attributable to members.	Down	72 %	to	(1,333)
(2.3)The amount and percentage change up or down from the previous corresponding period of net (loss) for the period attributable to members.	Down	72 %	to	(1,333)
(2.4) It is not proposed to declare or pay any dividend in relation to the period.				

### Brief explanation of Results

The loss from ordinary activities after income tax of the consolidated entity was \$1,332,854 for the half year ended 31 December 2007 (2006: loss of \$776,932).

### Review of Operations

Total recurring revenue for the continuing operations was \$47.4 million in the first half of financial year 2007/08.

Compared to the prior corresponding period:

- Data revenues have continued to grow strongly and are up 17% to \$12.2 million
- Mobile revenues have reduced by 9% to \$8.5 million due to a number of factors including retail price pressures in the marketplace
- Fixed voice revenues were 11% lower at \$26.4 million

People Telecom commenced an organisational transformation during the first half of 2007/08 to position the consolidated entity for stronger results going forward.

The group recently signed a new three year supply agreement with Telstra Wholesale. This agreement has an effective date of 1 October 2007. The newly negotiated rates applying from that date will help ensure the competitiveness of the company's product offerings during the remainder of the financial year and beyond.

Other factors that are expected to bear positively on the financial performance during the remainder of the financial year include:

- the cumulative effects of the dedicated customer retention programs that have been in place since the beginning of the financial year. This initiative to date has achieved the re-signing of contracts with existing customers worth more than \$12 million;
- the impact of margin assurance programs which are expected to realise further improvements in overall gross margin during the second half of the financial year;
- improved customer service levels as evidenced by faster response times and reductions in customer churn levels; and
- the completion in January 2008 of an upgrade to the People Telecom core network infrastructure, which is resulting in improved network performance for customers and gives the group the ability to manage a much larger data services customer base.

	December 2007	December 2006	Growth period on period	% Growth period on period
Recurring Revenue for the half year (*)				
Data	12,145,553	10,363,120	1,782,433	17%
Mobile	8,502,761	9,344,549	(841,788)	(9%)
Fixed Voice	26,375,814	29,672,066	(3,296,252)	(11%)
Other	383,677	341,272	42,405	12%
Total Recurring Revenue	<u>47,407,805</u>	<u>49,721,007</u>	<u>(2,313,202)</u>	<u>(5%)</u>
Recurring Gross Margin for the half year				
Data	2,653,008	1,894,182	758,826	40%
Mobile	2,490,130	2,940,627	(450,497)	(15%)
Fixed Voice	5,881,338	6,962,290	(1,080,952)	(16%)
Other	352,057	320,764	31,293	10%
Total Recurring Gross Margin	<u>11,376,533</u>	<u>12,117,863</u>	<u>(741,330)</u>	<u>(6%)</u>
Equipment & Service Establishment for the half year				
Revenue	<u>1,310,696</u>	<u>2,193,296</u>	<u>(882,600)</u>	<u>(40%)</u>
Margin	<u>(167,597)</u>	<u>(2,354)</u>	<u>(165,245)</u>	<u>(7,020%)</u>

(\*) For comparison purposes the figures for the period ending December 2006 have been restated and relate to the continuing operations.

## Net assets

Net tangible assets per security with the comparative figure for the previous corresponding period.

31 December 2007	31 December 2006
1.4 cents	1.3 cents

## Details of entities

*There are no entities over which control has been gained or lost in the half year ended 31 December 2007.*

## Dividends

*There were no dividends declared or paid during the half year ended 31 December 2007, nor are any planned to be declared in relation to the half year ended 31 December 2007.*

As there is no dividend declared or planned to be declared in relation to the half year ended 31 December 2007, the shareholder approved dividend reinvestment plan is currently not in operation.

## Details of associates and joint venture entities

There were no associated companies in which equity was held, nor joint ventures in which the group participated.