TEL.PACIFIC AGM 2015

30 November 2015

Significant Milestones that were achieved in 2015:

- “CovaU” Energy business was launch in April 2014 re-selling electricity and gas services into NSW SME and residential customers.
- Extensive investment in building systems, controls and risk management processes.
- Building management team and industry experience.

  (retailing consultants and recruiting where necessary).
- Driving consistent monthly customer and revenue growth.
- Customer and revenue targets have been met.
- Growth plans include expansion into Victoria market in March this year.
- MRTM and mobile are making positive contribution to the Company, although are no longer core business units.

Review of Continuing Operations

$000's	Year ended 30 June 2014	Year ended 30 June 2014 (Underlying Result[1])	Year ended 30 June 2015	% Change of Underlying Result on PCP
Revenue	13,107	13,107	24,568	87.4%
EBITDA	(1,569)	(1,569)	(4,558)	-190.4%
NPAT	(8,668)	(819)	(4,731)	-477.7%

[1] FY2014 NPAT of a loss of ($8.7 million) have been adjusted for the impairment of goodwill at $6.3 million and de-recognition of net deferred tax assets at $1.5 million.

Financial Year 2016:

- The Energy business has become the core business of the Company.
- FY 2015 was a negative result due to the investment in building the Energy business.
- Revenues are on track for half FY 2016.
- We expect to reach break-even in FY 2016.
- We focus predominantly on the SME market, although we are building a share of the residential market.
- Deploy a direct sales team as well as a call centre who generate sales and provide customer support
- Management are constantly looking for non-organic means to grow the business, including possible partnerships, acquisitions.
- Expansion into complimentary areas, such as increased share of wallet.

Risks of the Energy Re-selling Business:

- Aggressive pricing by competitors that will adversely impact gross margins.
- Wholesale Energy Prices tend to fluctuate with seasonality and have an adverse impact on gross margins.
- Cash flow management, given the high front-end working capital requirements.
- There is always the risk of regulatory changes that may adversely impact our business.

- In all the above areas with the exception of the last point, we deploy risk mitigation strategies and processes.

Any Questions?

Thank you