

13 February 2012

Telecom Plus PLC (the “Company”)

Interim Management Statement and Acquisition of New Freehold Office Building

Quarter Ended 31 December 2011

Telecom Plus PLC (trading as the Utility Warehouse), which supplies a wide range of utility services (gas, electricity, fixed line telephony, mobile telephony and broadband internet) to both residential and business customers, today issues its Interim Management Statement to cover the period from 1 October 2011 to 12 February 2012, incorporating information relating to the performance of the business for its third quarter ended 31 December 2011.

Highlights

- Full year profits expected to be marginally ahead of market expectations for the current financial year
- Recent acceleration in organic growth
- Improving customer quality
- Total Group services up by 51,529 during the quarter to 1,322,168
- Acquisition of freehold office building
- Intention to pay a total dividend of 27p for the current financial year (2011: 22p)

Operating Review

We have continued to make encouraging progress since the half yearly report issued in November 2011, notwithstanding the usual slowdown in distributor activity over the Christmas and New Year holiday period. Customer numbers for the first 9 months of the year are ahead by 31,180, and service numbers for the same period are ahead by 151,032. These represent annualised growth rates of 11% and 17% respectively.

During December, we announced a number of changes to the way our distributors will be remunerated in future; these include an increase in the rate of commission they receive on personal customers, balanced by a small reduction in the rate payable on some group customers. In addition, we introduced a new bonus structure to further encourage experienced distributors to actively assist their new recruits in getting started. These changes were followed on New Year's Day by the launch of a new performance related share option promotion, which requires distributors to maintain a consistent level of activity over a period of approximately three and a half years in order to participate.

These announcements were received enthusiastically by the channel, as demonstrated by the record attendance of over 3,800 distributors at our January motivational seminars (held at eight locations across the UK), and the strong start we have seen to the current quarter, with both customer gathering and distributor recruitment running at encouragingly high levels over the last few weeks.

We are particularly pleased to see that this high level of customer growth has been accompanied by an increase in the average number of services being taken by each new customer, with the proportion of new customers taking at least four services reaching 50% in recent weeks. This improving customer quality can be expected to drive both higher average revenue per customer and lower churn over the months and years ahead.

We launched our new website (www.utilitywarehouse.co.uk) during the quarter, which is expected to deliver significant benefits to the business. Distributors are already using it to submit around 50% of their new customer applications, resulting in fewer queries and faster processing compared with our previous paper-based systems.

We continue to make good progress in reducing delinquency levels (the proportion of customers who are at least two months in arrears), which have fallen to almost half the rate we were seeing 18 months ago. This remains an important focus for the business, and we will continue installing prepayment meters into properties where the occupiers have demonstrated they are unwilling to pay for the energy they are using.

Opus Energy Group Ltd (“Opus”), in which we have a 20% equity investment, is performing ahead of budget and is on track to deliver record profits for the current financial year. Opus continues to grow its share of the highly competitive market for business energy, in which it is the sole remaining independent provider of any scale.

Customer, Distributor and Service Numbers

Telecom Plus Group	FY2012			FY2011	
	Q3	Q2	Q1	Q4	Q3
Distributors	35,536	34,496	32,922	31,459	29,818
Customers					
Residential Club	322,131	312,121	299,973	293,292	285,450
Business Club	26,222	25,968	25,240	24,506	23,729
Total Club	348,353	338,089	325,213	317,798	309,179
Non Club	43,813	44,192	43,153	43,156	43,197
Total Telecom Plus	392,166	382,281	368,366	360,954	352,376
TML	10,364	10,418	10,372	10,396	10,452
Total Group	402,530	392,699	378,738	371,350	362,828
Services					
Electricity	333,068	316,746	303,495	296,412	288,895
Gas	277,682	267,675	255,741	249,482	243,064
Fixed Telephony	226,330	222,925	217,308	215,059	214,093
Fixed Line Rental	183,847	178,179	170,556	166,194	162,911
Broadband	132,219	126,087	118,252	113,411	109,813
Mobile	60,028	55,727	48,891	42,151	36,607
CashBack card	96,203	89,976	80,851	72,611	63,412
Non Geographic numbers	12,791	13,324	14,182	15,816	16,030
Total Group	1,322,168	1,270,639	1,209,276	1,171,136	1,134,825
Residential Club	1,154,509	1,102,959	1,044,786	1,007,185	971,354
Business Club	64,440	63,390	61,534	59,781	58,403
Total Club	1,218,949	1,166,349	1,106,320	1,066,966	1,029,757
Non Club	71,675	72,285	70,311	70,240	70,616
Total Telecom Plus	1,290,624	1,238,634	1,176,631	1,137,206	1,100,373
TML	31,544	32,005	32,645	33,930	34,452
Total Group	1,322,168	1,270,639	1,209,276	1,171,136	1,134,825

Acquisition of New Freehold Office Building

On 10 February 2012 the Company entered into an irrevocable agreement to purchase the freehold interest in Merit House, Edgware Road, London for a total cash consideration (including stamp duty and fees) of approximately £6.6 million. Completion is expected to take place on 17 February 2012 and will be funded from our cash resources and existing banking facilities.

Merit House was constructed in the mid-1960s and comprises approximately 127,000 sq ft of offices arranged over ground and twelve upper floors, surrounded by 348 parking spaces on a site of around 2.5 acres.

Merit House is being purchased out of receivership. The directors consider that the purchase price, which amounts to around £50 per sq ft, is extremely attractive for a building which has the potential to provide the Company with sufficient office space on a single site to support a customer base in excess of one million households, which is in line with our medium term growth objectives for the business.

Merit House is currently partially occupied by a number of tenants, all on short-term leases. The modest rental income this provides is expected to cover any costs associated with holding the building in the short term.

Our existing headquarters (comprising 41,000 sq ft of recently refurbished offices) was purchased in 2008. However, the accelerating organic growth in customer numbers we are experiencing makes it likely that we will outgrow this building over the next 12-18 months. Within this timeframe, we therefore intend to carry out a phased refurbishment of Merit House, to ensure we can continue to harvest the significant operational benefits of keeping substantially all our employees under one roof.

In addition to the low purchase price, Merit House is particularly attractive to us due to its proximity to our current office building less than 200m away. This means that our proposed relocation will cause minimal disruption either to the business or to our employees.

We anticipate the total refurbishment costs for Merit House will amount to around £10m, spread over the next 18 months. The Company intends to dispose of Network HQ once the relocation has been completed.

We remain committed to pursuing a progressive dividend policy, and this will not be affected by the costs of purchasing and refurbishing these new offices.

Cash Flow

After paying an interim dividend of £6.9m (2011: £5.3m) during the quarter, we had a small positive cash balance of £1m as at 31 December 2011.

Our operating activities generate significant cash during the final quarter, however the purchase of Merit House means that we now expect our cash position at the year-end to show a small overdraft, albeit comfortably within our existing bank facilities.

Trading since 1 January 2012 and Outlook

Distributor activity levels rose strongly during the course of January, supported by the changes we made to the compensation plan in December, the share option promotion we announced on New Year's Day, and the series of motivational meetings held throughout the UK during the course of the month. If this is sustained over the coming weeks, then we look forward to reporting record growth in service numbers for the current quarter, when we announce our preliminary results in a few months time.

Preparations are currently well advanced for our annual Sales Conference, expected to be attended by over 6,000 distributors, which is being held this year on the weekend of 24th and 25th March. It provides an important platform for us to launch new sales initiatives, recognise achievement, and to motivate our channel for the year ahead. Activity levels have historically been strong in the run up to this event, a period during which many distributors are striving to reach the personal goals they had set themselves in time for their achievement to be recognised on stage.

We look forward to using our new website to promote our customer referral scheme, market additional services to existing customers, and encourage former customers to rejoin the Club. We believe these represent significant opportunities which are capable of providing a further boost to the strong organic growth currently being delivered by our existing distribution channel.

Due to the nature of our wholesale supply agreement with npower, neither the warmer-than-average temperatures in the UK so far this winter, nor the most recent round of retail price reductions, will have a material impact on our financial performance for the year. Whilst turnover and gross profitability will both be affected, the impact on our earnings will be largely offset by a reduction in our bad debt charge, as customers find the cost of their energy becomes increasingly affordable. We therefore remain confident of reporting full year profits that are marginally ahead of current consensus market expectations.

In line with previous guidance, and notwithstanding the purchase of new freehold offices referred to above, it remains our intention (in the absence of unforeseen circumstances) to recommend a final dividend of 17p per share, which would bring the total dividend for this year to 27p (2011: 22p) per share.

Final Results Date

Our final results for the year ending 31 March 2012 will be announced on Wednesday 23 May 2012.

Andrew Lindsay, Chief Executive said:

"I am delighted that the business is performing strongly, and ahead of expectations, despite the current uncertain economic climate. The quality of our customer base continues to improve, with a steady rise in the average number of services being taken by each customer. I am particularly encouraged by the strong growth in new distributor numbers, and the high levels of excitement within our distribution channel following the recent announcements we have made.

Our newly acquired head-office building will provide the capacity for us to manage substantially in excess of one million customers in due course, and I remain clearly focussed on achieving this challenging target over the medium term.

In the meantime, we look forward to announcing record results when we report our full year figures in May."

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About Telecom Plus PLC ('Telecom Plus'):

www.utilitywarehouse.co.uk

Telecom Plus, which owns and operates the Utility Warehouse brand, is the UK's only fully integrated provider of a wide range of competitively priced utility services spanning both the Communications and Energy markets.

Customers benefit from the convenience of a single monthly bill, consistently good value across all their utilities and exceptional levels of customer service. Telecom Plus does not advertise, relying instead on 'word of mouth' recommendation by existing satisfied customers in order to grow its market share.

Telecom Plus has a wholly owned subsidiary called TML which was purchased in 2002. TML supplies predominantly fixed line telephony and broadband internet to small and medium sized business customers through a network of authorised resellers and dealers.

Telecom Plus also has a 20% shareholding in Opus Energy Group Ltd (which changed its name from Oxford Power Holdings Ltd on 28 October 2010), a successful, profitable and fast growing independent supplier of Gas and Electricity to small, medium and large business customers.

Telecom Plus is listed on the London Stock Exchange (Ticker: TEP LN). For further information please visit: www.telecomplus.co.uk.