

TELECOM PLUS PLC

Half Year Trading Statement

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) to both residential and business customers, is today issuing a trading update in advance of its half year results for the period ended 30 September 2010.

Highlights:

- Continued solid organic growth
- Improving quality of earnings
- Strong half year results expected; trading in line with expectations for the full year

Trading update

As stated in July 2010, we anticipate that our half yearly report will show earnings and pre-tax profits significantly ahead of the figures for the comparable period last year.

The first half of the financial year has seen continued organic growth, with customer numbers increasing during the period at an annualised rate of around 6% to over 356,000 (31 March 2010: 345,762) and service numbers increasing at an annualised rate of over 10% to more than 1,103,000 (31 March 2010: 1,044,516).

The average number of services being taken by each member has continued to rise during the period, reflecting the ongoing focus of our distribution channel on gathering customers who take a combination of energy and communications services, and are homeowners. In the medium term, this upward trend in the quality of our customer base can be expected to enhance the profitability of the business through higher average revenues from each customer, lower bad debts and lower churn.

Overall, the Board remains comfortable with consensus full year market expectations for both earnings and dividends.

Cash flow

Cash flow has been in line with management expectations and our reported cash balance at 30 September 2010 is expected to be around £18 million (31 March 2010: £2.5 million).

Operating update

We continue to enhance the value of the benefits available to members of our Discount Club. During the period we recruited several major new retail partners onto our CashBack card programme, and launched a new online search facility 'findmethecheapest' which has been designed to help our members save money on any online purchases they make.

We have seen an encouraging improvement in the proportion of new members applying for the CashBack card, which is currently running at almost 40% - this is almost double the rate being achieved 12 months ago. We issued more than 14,000 cards during the period, taking the total number of cards in issue to over 54,000.

Our increasing focus on debt management saw the installation of more than 2,000 pre-payment meters during the period. These relate primarily to tenanted properties within our portfolio, and this should progressively reduce our future bad debt exposure from this category of customer.

We have seen a net increase of slightly more than 1,000 distributors during the last six months, bringing the total to over 36,000 (31 March 2010: 34,992). As the widely foreshadowed public spending cuts begin to bite, we expect to see more new distributors joining the business in search of a secure and reliable part-time income.

On 25 and 26 September we held motivational sales conferences in Bradford and Cheltenham, with a record total attendance of around 3,000 distributors. We took advantage of the high turnout to launch a number of new incentives to our distribution channel, which can be expected to have a positive impact on their activity in the second half of the year.

Notice of Half Year Results

Our half year results for the six months ended 30 September 2010 will be announced on Tuesday 23 November 2010.

Commenting on current trading, Andrew Lindsay, Chief Executive said:

"I am delighted to report another period of solid organic growth in customer, distributor and service numbers during the first half of the current financial year, with a further improvement in the quality of the customers we are attracting. Our ongoing focus on enhancing membership benefits can be expected to deliver continued organic growth and improved customer retention, and I look forward to announcing our half yearly results in November."

For more information please contact:

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About Telecom *plus* PLC:

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. The Company does not advertise, relying instead on "word of mouth" recommendation by existing satisfied customers in order to grow its market share.

Telecom *plus* also has a wholly owned subsidiary called TML purchased in 2002, which supplies predominantly fixed line telephony to small and medium sized business customers through a network of authorised resellers and dealers.

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