

13 July 2011

## Telecom Plus PLC (the “Company”)

### Interim Management 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 internet) to both residential and business customers, today issues its Interim Management Statement to cover the period from 1 April 2011 to 12 July 2011. This incorporates information relating to the performance of the business for its first quarter ended 30 June 2011, to coincide with its Annual General Meeting (“AGM”) being held later today.

#### Highlights

- Continuing organic growth
- Strong cash generation
- Significant improvement in customer quality
- Customer numbers up by 7,388 during the quarter to 378,738 (30 June 2010: 351,442)
- Number of services up by 38,140 during the quarter to 1,209,276 (30 June 2010: 1,075,363)

#### Operating Review

We have seen an encouraging start to the current year, with organic growth significantly ahead of the levels we achieved in the corresponding period last year.

Overall customer numbers increased during the first quarter by 7,388 (Q1 2011: 5,680), whilst the number of services provided rose by 38,140 (Q1 2011: 30,847). It is particularly pleasing to have seen a substantial rise in the proportion of new members applying for at least 4 different core services from us, and annualised growth in the number of mobile services holding steady at around 60% for a second consecutive quarter.

Following the successful sales conference held at the beginning of April, our distributors are making steady incremental progress in gathering higher quality customers, as shown by the further improvement in the average number of services taken by residential club members (which has increased from 3.43 to 3.48 during the quarter). Activity levels remain high with a net increase of around 1,500 distributors during the quarter.

Demand from new customers for our exclusive CashBack card remains at record levels, with over 80,000 cards now in issue. Penetration of these cards within our residential club customer base has increased from 17% to 27% over the last 12 months.

We have just completed the final phase of refurbishing our office headquarters in north-west London, and look forward to consolidating virtually all our employees into this building over the next few weeks.

## Customer, Distributor and Service Numbers

Telecom Plus Group	FY2012	FY2011			
	Q1	Q4	Q3	Q2	Q1
<b>Distributors</b>	32,922	31,459	29,818	30,696	30,116
<b>Customers</b>					
Residential Club	299,973	293,292	285,450	280,009	275,097
Business Club	25,240	24,506	23,729	23,066	22,259
<b>Total Club</b>	<b>325,213</b>	<b>317,798</b>	<b>309,179</b>	<b>303,075</b>	<b>297,356</b>
Non Club	43,153	43,156	43,197	43,552	42,821
<b>Total Telecom Plus</b>	<b>368,366</b>	<b>360,954</b>	<b>352,376</b>	<b>346,627</b>	<b>340,177</b>
TML	10,372	10,396	10,452	10,673	11,265
<b>Total Group</b>	<b>378,738</b>	<b>371,350</b>	<b>362,828</b>	<b>357,300</b>	<b>351,442</b>
<b>Services</b>					
Electricity	303,495	296,412	288,895	282,135	274,519
Gas	255,741	249,482	243,064	236,836	230,251
Fixed Telephony	217,308	215,059	214,093	214,096	212,656
Fixed Line Rental	170,556	166,194	162,911	160,400	156,611
Broadband	118,252	113,411	109,813	107,052	102,835
Mobile	48,891	42,151	36,607	35,795	35,360
CashBack card	80,851	72,611	63,412	54,661	46,814
Non Geographic numbers	14,182	15,816	16,030	16,242	16,317
<b>Total Group</b>	<b>1,209,276</b>	<b>1,171,136</b>	<b>1,134,825</b>	<b>1,107,217</b>	<b>1,075,363</b>
Residential Club	1,044,786	1,007,185	971,354	943,577	913,537
Business Club	61,534	59,781	58,403	56,807	54,685
<b>Total Club</b>	<b>1,106,320</b>	<b>1,066,966</b>	<b>1,029,757</b>	<b>1,000,384</b>	<b>968,222</b>
Non Club	70,311	70,240	70,616	71,590	70,712
<b>Total Telecom Plus</b>	<b>1,176,631</b>	<b>1,137,206</b>	<b>1,100,373</b>	<b>1,071,974</b>	<b>1,038,934</b>
TML	32,645	33,930	34,452	35,243	36,429
<b>Total Group</b>	<b>1,209,276</b>	<b>1,171,136</b>	<b>1,134,825</b>	<b>1,107,217</b>	<b>1,075,363</b>

## Cash Flow

Underlying cash flow remains in line with management expectations, with positive cash generation of over £10m during the period. We anticipate that our short term borrowings as at 30 June 2011 of approximately £5.0m (31 March 2011: £15.5m) will have been eliminated and replaced by a positive cash balance of a similar size on 30 September 2011, notwithstanding the £9.7m cost of paying the proposed final dividend for last year which is expected to be made on 5 August 2011.

## Outlook

We expect a steady increase in our current rate of organic growth over the coming months, driven by the large number of new distributors joining each month, and continuing strong demand for our unique multi-utility proposition.

We are investing considerable resources in developing an updated internet presence, which is due to be launched this summer. This will not only enable our distributors to sign up new members more efficiently, but will also give us an effective fulfilment mechanism for our customer referral scheme.

Several of the 'Big 6' energy suppliers have recently announced price rises, averaging around 15%-17% for dual fuel customers. As we are affected by similar cost pressures, it is reasonable to expect that we will shortly also announce higher tariffs, whilst maintaining our current competitive position.

Our financial performance since the year end has been in line with management expectations, and we anticipate that our half yearly report (which is expected to be announced on 22 November 2011), will show earnings, pre-tax profits and organic growth significantly ahead of the figures for the comparable period last year.

**Andrew Lindsay, Chief Executive said:**

"We have seen an encouraging start to the current year, with organic growth significantly ahead of the levels we achieved in the corresponding period last year."

"We expect a steady increase in our current rate of organic growth over the coming months, driven by the large number of new distributors joining each month, and continuing strong demand for our unique multi-utility proposition."

"We anticipate that our half yearly report will show earnings, pre-tax profits and organic growth significantly ahead of the figures for the comparable period last year."

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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](http://www.telecomplus.co.uk).