

14 July 2010

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, is issuing its Interim Management Statement to cover the period from 1 April 2010 to 13 July 2010. This incorporates information relating to the performance of the business for its first quarter ended 30 June 2010, to coincide with its Annual General Meeting (“AGM”) being held later today.

Highlights

- Encouraging organic growth
- Significant improvement in customer quality
- Customer numbers up by 5,680 during the quarter to 351,442 (30 June 2009: 312,652)
- Number of services up by 30,847 during the quarter to 1,075,363 (30 June 2009: 908,882)

Operating Review

During the first quarter, customer numbers increased by 5,680 to 351,442 (30 June 2009: 312,652), representing an increase of more than 12% compared with the same stage last year. The number of services provided rose by almost 31,000 to 1,075,363 (30 June 2009: 908,882) representing an increase of 18% over the last 12 months. These figures clearly demonstrate the robust nature of our business model in the current difficult economic climate, notwithstanding the fact that the period included Easter and two May bank holiday weekends which are usually relatively quiet periods for gathering new customers.

The enhanced focus on customer quality within the residential discount club (which started last summer) has seen a significant improvement in the average number of services taken by each member, which increased from 3.28 to 3.32 during the quarter (30 June 2009: 3.13). Of particular note, the penetration of Cashback cards within our residential club has increased from 7% to 17% over the last 12 months.

We saw a net increase of around 800 distributors during the quarter, taking the total to just under 36,000. Activity levels are comfortably ahead of the levels seen during the previous quarter, following the successful distributor sales conference held in April and the launch of our new web-based training programme.

Customer, Distributor and Service Numbers

Telecom Plus Group	FY11	FY10			
	Q1	Q4	Q3	Q2	Q1
Distributors	35,832	34,992	33,544	31,852	29,789
Customers					
Residential Club	275,097	269,893	265,143	256,263	242,779
Business Club	22,259	21,523	20,479	19,137	17,809
Total Club	297,356	291,416	285,622	275,400	260,588
Non Club	42,821	42,276	41,871	41,988	41,772
Total Telecom Plus	340,177	333,692	327,493	317,388	302,360
TML	11,265	12,070	11,912	11,140	10,292
Total Group	351,442	345,762	339,405	328,528	312,652
Services					
Electricity	274,519	267,186	259,853	248,169	231,207
Gas	230,251	224,256	218,359	208,663	195,013
Fixed Telephony	212,656	211,565	207,934	203,025	195,745
Fixed Line Rental	156,611	153,074	147,970	143,400	134,193
Broadband	102,835	98,595	93,982	90,685	83,687
Mobile	35,360	34,067	34,961	35,610	35,951
Cashback card	46,814	39,433	32,818	24,468	17,262
Non Geographic numbers	16,317	16,340	16,168	16,068	15,824
Total Group	1,075,363	1,044,516	1,012,045	970,088	908,882
Residential Club	913,537	883,904	854,106	815,933	760,009
Business Club	54,685	52,949	50,182	47,012	43,528
Total Club	968,222	936,853	904,288	862,945	803,537
Non Club	70,712	69,855	69,871	70,460	70,063
Total Telecom Plus	1,038,934	1,006,708	974,159	933,405	873,600
TML	36,429	37,808	37,886	36,683	35,282
Total Group	1,075,363	1,044,516	1,012,045	970,088	908,882

Cash Flow

Underlying cash flow remains in line with management expectations, following the coldest UK winter in more than 30 years. As the net debtor balance relating to customers paying for their energy by budget plan starts to reverse over the next few months, we anticipate that our cash balance as at 30 June 2010 of approximately £1.0m (31 March 2010: £2.5m) will improve significantly by 30 September 2010, notwithstanding the £9.6m cost of paying the proposed final dividend for last year which is expected to be made on the 6 August 2010.

The Company has sufficient banking facilities available to meet any reasonably foreseeable increase in our working capital requirements resulting from our anticipated growth, higher energy prices and/or another cold winter.

Outlook

We anticipate steady organic growth over the coming months in the numbers of customers, distributors and services we supply, driven by continuing strong demand for our unique multi-utility proposition and the other valuable benefits we provide to our members.

We reduced our energy tariffs on 1 April 2010 in line with the market; however, the upward movement in the forward wholesale price curves for both gas and electricity over the last few months suggest we are unlikely to see any further reductions this year.

Our financial performance since the year end has been in line with market expectations, and 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.

It remains our intention, in the absence of unforeseen circumstances, to recommend a maintained total dividend of 22p for the current year.

Half Yearly Report

Our half yearly report for the six months ending 30 September 2010 is expected to be announced on 23 November 2010.

Charles Wigoder, Chief Executive said:

“Our focus on customer quality within the residential discount club has seen a significant improvement in the average number of services taken by each member, which increased from 3.27 to 3.32 during the quarter. Of particular note, the penetration of Cashback cards within our residential club has increased from 7% to 17% over the last 12 months.”

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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.