

Earnings Guidance and Update

24 May 2010

Eftel Ltd (ASX: EFT) advises that EBITDA for the second-half of the current financial year is expected to be in the range of \$700K to \$1M. While short of the company's aims, this represents a major improvement on the first half result (\$206K).

Correspondingly, the EBITDA anticipated for the full year is between \$900K and \$1.2M. This figure is also below the company's aspirations, although still a substantial improvement on the previous financial year (\$174k).

Variable factors that will affect the result include currency fluctuations and the timing of the ongoing BroadbandNext expansion over the last quarter of this financial year.

CEO John Lane commented that the improvement in profitability came in the midst of new challenges and was driven largely by cost control.

"Growth across the industry in DSL products has slowed appreciably, so every sale is being earned through hard work and determination. The management team has exercised a great deal of discipline in relation to assuring margins so that an improved result is dropping through to the bottom line," he said.

An important component of Eftel's strategy is improving diversity in its supply chain options. This is reducing costs as well as increasing the company's ADSL2+ reach. Costs associated with the implementation of this strategy, which have included significant network migrations, have been expensed in this financial year.

Over the last 12 months the company has substantially increased the utilisation level of its BroadbandNext footprint.

The company also anticipates posting its 8th consecutive year of net positive operating cash flow. Its debt position also continues to improve, with total liabilities being reduced by \$3M in this financial year alone.

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About Eftel

Eftel Ltd is a multiple award winning Internet and telecommunications provider. Through ownership and partnership it operates the BroadbandNext network, Australia's sixth largest broadband footprint.

Eftel has offices in Perth and Melbourne and operates a state-of-the-art Business Processing Centre located at Cyberjaya in the heart of Kuala Lumpur's Multimedia Super Corridor.

Eftel operates wholesale, retail and corporate divisions that utilise these resources.

Eftel Corporate is among Australia's most reliable ISPs, offering tailored solutions to business and government clients throughout Australia. It is a preferred supplier to the Victorian Government.

Eftel Retail is a Top 10 Internet Service Provider offering a full suite of consumer Internet products. Its dedicated broadband service **aaNet** is one of Australia's most popular ADSL providers.

Eftel Wholesale services a quarter of Australia's ISPs with a range of services including IP, co-location, dialup ports and DSL Broadband.