

AUSTRALIAN STOCK EXCHANGE RELEASE

FRESHTEL ADDS WAL-MART'S UK ARM, ASDA TO ITS UK RETAIL DISTRIBUTION

Melbourne, Australia, 18th June 2007: Freshtel (ASX:FRE), and hardware partner Binatone have added Wal-Mart's UK retail arm, ASDA to the growing list of UK retailers supplying the Freshtel Internet Phone service.

ASDA, the second largest retail chain in the UK and the largest overseas arm of US retail giant Wal-Mart, began selling the Freshtel Internet Phone in 122 of its UK stores this month. The product is branded as Binatone Internet Phone, powered by Freshtel.

Peter Warner, Acting CEO of Freshtel said "Freshtel now has a presence across the leading retail outlets in the UK, indicating the growing demand for our product. We have a great launching pad to drive further expansion in this market. ."

"This arrangement opens doors for us to continue to work with the Wal-Mart family in other markets, such as the US, Europe and Latin America where VoIP (Voice over Internet Protocol) subscriber numbers continue to grow rapidly."

Mr Dino Lalvani, CEO of Binatone - Freshtel partner and one of the leading telecommunications hardware providers in the UK - said "Binatone has been working with ASDA for many years and its move into internet phones signifies the growth the market is experiencing. VoIP is an important component of Binatone's strategy in 2007 and with our retail partners we are seeing rapid growth in this arena.

"Binatone Internet Phone is now getting greater coverage throughout the UK, in retail penetration and customer usage. Customers are beginning to understand the benefits of internet telephony through the cost savings that can be made, and the ease of use."

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About Freshtel Holdings

Freshtel Holdings Limited (ASX:FRE) is an Australian internet telephone technology company that develops and markets VoIP telephony products and services. Freshtel Holdings Limited offers end-to-end white label VoIP solutions to wholesale customers globally through its wholly owned subsidiaries, Voicedot Networks and Virbiage and has a direct-to-market retail channel through www.freshtel.net

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