

AUSTRALIAN STOCK EXCHANGE RELEASE

FRESHTEL AND PTCL PRE-PAID CALLING SERVICE GOES LIVE

Monday 27th October 2008: Freshtel Holdings Limited's (ASX.FRE) new white label partner Pakistan Telecommunications Company Limited (PTCL) has launched its pre-paid calling service 'PTCL Direct' to customers in the UK and Europe.

Last month, Freshtel announced that it had signed a deal with PTCL, Pakistan's incumbent and largest telecommunications provider to establish a pre-paid calling service which would be marketed largely to the Pakistani community in the UK. The solution allows users to pre-pay for call credit either online or using a voucher system and make calls over a fixed line, mobile or softphone – all calls being routed over the Freshtel network.

PTCL has launched an online advertising campaign to promote the service to customers in the UK, and will soon commence television and print advertising, on popular English language Pakistani news sites and services. PTCL will also market the solution directly to at least 100,000 members of its existing customer base.

PTCL Direct call credits can be purchased online at www.ptcldirect.com and vouchers retailing for £5 and £10 will be sold via a network servicing 19,000 convenience stores across the UK.

Mr. Sher Bahadar Khan, Executive Vice President (International Business Relations) said:

"PTCL is a brand that is well regarded within the Pakistani community both in Pakistan and abroad. We understand our customers need and we are committed to providing them with a great value and high quality service and this has enabled us to target our marketing effectively.

"The new PTCL Direct pre-paid calling service, which we have developed with the assistance of Freshtel, is allowing us to fill a gap within the international Pakistani community and the initial response has been excellent. We are very excited about the launch in the UK and can already see the potential in other markets in Europe and beyond."

Ms Rhonda O'Donnell said that Freshtel and PTCL were delighted that the solution could be brought to market at a rapid speed.

"It has been only four weeks since we signed a deal with PTCL and already the solution is available to customers and being marketed by PTCL. This quick turnaround from deal to delivery demonstrates that not only do we have a robust technology and a range of innovative internet telephony solutions – we also have the expertise and commitment to execute new deals and work with our customers to bring new products to market very swiftly."

Ms O'Donnell added that the next phase of the project was to extend the global footprint for the PTCL Direct service by establishing dial in codes for customers to call an extended range of countries.

With 5.3 million customers and 32,000 employees, PTCL is the largest telecommunications provider in Pakistan and is also regarded as one of Pakistan's most reliable carriers. As well as offering a range of services direct to customers PTCL owns significant telecommunications infrastructure and wholesales to other telecommunications providers in Pakistan.

Freshtel's white-label pre-paid calling service is an offering developed by Freshtel which enables retailers to offer competitively priced, high quality telephone calls via any fixed telephone or mobile handset, utilising Freshtel's network.

Unlike a traditional calling service, Freshtel's pre-paid calling solution allows customers to view call logs and top up their account online, either with vouchers or a credit card. Customers will also be able to register their account with their phone number, removing the need to enter lengthy pin numbers each time they make a call.

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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 Freshtel's retail site.

Freshtel Holdings: www.freshtelholdings.com

Voicedot Networks: www.voicedot.com

Freshtel retail: www.freshtel.net

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