



Market Announcement

6 December 2011

Strong Half Year for Zintel Group

Telecommunications service provider Zintel (NZAX: ZIN) announced its interim result today showing revenue from operations of \$30.35m, up 7%, whilst pre-tax profit increased materially to \$836,000 in the six months to September 30th, compared with a \$39,000 loss in the same period last year. Net profit after tax was \$542,000 compared to a loss of \$127,000 to 30 September 2010, with EBITDA of \$1.358m and net operating cash flow \$1.365m for the half year, resulting in a closing cash balance of \$5.76m as at 30th September 2011. With more than sufficient cash reserves and no imminent acquisitions, Zintel Directors have declared an interim dividend of 1.00 cent per share plus imputation credits, making a gross dividend of 1.4286 cents, with a record date of 23 December 2011 and payment date of 13 January 2012.

During September Zintel also announced the acquisition of Commit Services, a cabling business which compliments existing products and services. Chairman Nick Gordon says, "The half year result includes one month of trading from Commit, which has bedded in well and we are very pleased with this acquisition. On the other hand, and as announced to the market on 14 September, Zintel is in dispute with VeriFone who have acquired the Hypercom payments business worldwide. Both parties hope to reach a mutually agreeable settlement without the need for protracted legal action. We will update the market if and when such an agreement is reached."

Gordon goes on to say, "We have enjoyed a satisfactory half year profit, bolstered by one off gains in Australia and we do not expect the second half year to be as strong. However the full year to March 31st 2012 will produce significantly higher profit than last year, as forecast at the Company's annual meeting in August."

At the Company's annual meeting Gordon also suggested the Zintel share price was undervalued. Since August the share price has fallen from 26 cents to 20 cents and the Directors consider the total market capitalisation of the company is somewhat lower than the realisable value of the component businesses and the net cash on hand. Furthermore, with gross dividends of 2.85 cents per share declared in the last twelve months, this equates to a yield of 14.25%.

During the period, Zintel Communications in Australia has performed very well, Zintel Cogent in New Zealand has continued to produce losses but is expected to be breakeven in the second half, and Zintel Payments produced a healthy profit although this business is now winding down. Newly acquired Commit Services contributed one month of profitable trading and forecasts a valuable contribution to 31st March 2012.

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About Zintel Group limited

Established in 1995 and listed on the NZAX, Zintel Group Limited provides a broad range of business telecommunication solutions to companies across New Zealand and Australia. The Group comprises of four businesses - Zintel Cogent, Zintel Payments, Commit Services and Zintel Communications in Australia. Zintel Cogent provides innovative telecommunications solutions, including business phone systems, contact centre solutions, Mobile, Toll free and voice services. Commit Services provides business cabling solutions from design and implementation through to support. Zintel Communications Pty is Australia's Toll free specialist and provides a range of competitive business telecommunication services. Zintel Group has over 230 employees operating from 15 nationwide offices across New Zealand and Australia.

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