



**MARKET ANNOUNCEMENT
27 November 2009**

ZINTEL REPORTS HALF YEAR RESULT TO 30 SEPTEMBER 2009

Zintel Group Ltd (NZAX: ZIN) today reported revenue of \$21.334m for the first half year, an increase of 5.5% on prior year revenue of \$20.205m. Net profit before tax was \$1.296m, down from \$1.855m for the same period last year, including non recurring restructuring costs and the expenses of establishing the Payments business. In September the company also began to incur acquisition costs related to Cogent Communications (Cogent).

The profit before tax of \$1.296m to 30 September 2009 resulted in unaudited net profit after tax of \$0.908m, down 25% on after tax profit of \$1.226m for the same period last year. "This is a satisfactory outcome, given that Zintel forecasted a poor result, as much as 30% down on last year, at our annual meeting of shareholders in August" said Nick Gordon.

Dividends paid prior to 31 March 2010 continue to carry full imputation credits of 33% and consequently the Company has declared an interim dividend of 2.50 cents per share, resulting in a gross payment of 3.73cps, with a record date of 11 December payable on 18 December 2009.

Trading conditions have been challenging for the period, with Zintel Enterprise revenue up but profitability down, Zintel Communications New Zealand significantly down as the full impact of losing its largest customer a year ago is felt and Zintel Payments earning little revenue in start-up mode. Interest income on cash reserves is also reduced due to lower interest rates. The balance sheet remains strong with cash in bank and cash equivalents (bonds) of \$8.3m and net assets of almost \$12m as at 30 September.

This year Zintel Group has executed a major growth phase. In January 2009 the Group was appointed the exclusive importer and distributor for Hypercom payment (EFTPOS) terminals and on 1 October completed the acquisition of Cogent, currently a loss making business. The combined revenue of Cogent and Zintel is expected to exceed \$60m on an annualised basis with a total of 250 employees across New Zealand and in Sydney.

Zintel acquired the net assets of Cogent excluding debt or cash, thus envisages meeting the working capital costs to around \$1.5m in addition to the acquisition cost. Further, capital expense will also be required for computer systems and investment to grow the Group offering. These costs are well within the capacity of the Group's balance sheet.

In the short term integration costs for Cogent are high, with duplication in rent and expenses and transitional costs including consultants and other integration costs. This will significantly impact the year's profit to 31 March 2010, however the Group should enjoy considerably improved profitability in future years.

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About Zintel Group Limited

Zintel Group Limited (www.zintel.co.nz) is comprised of four businesses:

- Zintel Communications offers a range of telecommunications services in Australia and New Zealand, specialising in Toll free services
- Zintel Enterprise and Cogent Zintel (formerly Cogent Communications) provide integrated communications solutions for large corporate, government departments and SME businesses in New Zealand
- Zintel Payments distributes payment technology products and services in New Zealand

Established in 1995 and listed on the NZAX in November 2003, the Group employs over 250 staff with offices across New Zealand and in Sydney.

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