

Elephant Talk Communications Announces First Quarter 2009 Financial Results and Shareholder Update

- **Total Assets Increase to \$20.3 Million**
- **Net Loss Decreases 16.7%**

SCHIPHOL, the Netherlands, May 28 - Elephant Talk Communications, Inc. (OTC Bulletin Board: [ETAK](#)), an international telecom and multimedia content distributor specializing in carrier grade mobile enabling platforms, announced first quarter 2009 financial results on May 20, 2009 and is providing a shareholder update.

"Management is pleased with the results for its first quarter and the strategic direction in which the Company is headed. Over the past year we have significantly strengthened our portfolio of service offerings due to our pending acquisition of ValidSoft and its patented product services and we expanded our market footprint via agreements with telecom leaders T-Mobile in the Netherlands and Vizzavi Espana, a Vodafone Group Company," stated Steven van der Velden, Chief Executive Officer of Elephant Talk. "There were significant investments required to build the foundation of our Company. Our top notch infrastructure is now fully implemented which will allow ETAK to focus on its strategic growth plan of increasing market share and expanding our geographic footprint. Management is confident that this plan will allow us to grow our business profitably while enhancing the Company's valuation for shareholders."

Comparison for First Quarter ended March 31, 2009 versus March 31, 2008

- Revenue for the three months ended March 31, 2009 was \$ 9,428,884 compared to \$11,757,280 for the same period in 2008 but remain on the 2009 budgeted target.
 - A major part of the decrease of \$2.3 million was caused by the foreign currency negative translation effect of \$1.5 million and a downturn in revenues from the Middle East due to delayed implementation of certain key supplier channels in India. Additionally, the Company experienced a decrease in our Premium Rate Calling Services (PRS) services, which is the Company's largest revenue generating service.
- Cost of service for the three months ended March 31, 2009 improved as a percentage of revenue to \$9,147,797 compared to \$11,412,511 for the same period in 2008.
 - Cost of service include origination, termination, network and billing charges from telecommunications operators, out payment costs to content and information providers, network costs, data center costs, facility cost of hosting network and equipment and cost in providing resale arrangements with long distance service providers, cost of leasing transmission facilities, international gateway switches for voice, and data transmission services.

- Selling, general and administrative expenses for the three months ended March 31, 2009 was \$1,463,148 compared to \$1,756,999 in 2008.
 - The decrease in SG&A between the first quarter of 2009 and 2008 included a positive translation effect of \$137,623. The increased management & personnel expenses, caused by potential revenue to be coming on stream, were offset by the decrease in other selling, general and administrative costs.
- The Company reduced its net loss of \$2.1 million by \$500,000 for the first quarter 2009 versus \$2.6 million for the same period 2008. The decrease in net loss was primarily due to lower SG&A expenses as described above.
- Total Assets increased to \$20,273,586 from \$19,456,073 compared with March 31, 2008.

2009 Business Outlook

Elephant Talk's strategic growth plan remains on target while it continues its progress as an international telecom operator and enabler to the multimedia industry, as well as, to capture added market share within the \$30 + billion global bank fraud market by:

- Leverage ValidSoft's anti-fraud patented mobile authentication, transaction verification capabilities and location based services technology to provide superior service to the emerging global fraud prevention markets.
 - Recognize initial revenues from ValidSoft which is expected to become Elephant Talk's highest margin business.
- Expand relationships with T-Mobile, Vizzavi Espana, a Vodafone Group Company and other major telecom operators, mobile virtual network operators, banks, and government agencies.
- Increase primary revenues and margins from prior investment in mobile capabilities segment.
- Integrate recent acquisitions as the Company transitions from fixed line service offerings into higher margin mobile/wireless software and service business.

Mr. van der Velden, commented, "With another \$2 million invested in additional mobile assets and capabilities, on top of the earlier invested \$ 30 million, the Company is focused on executing its newly implemented growth strategy for the remainder of 2009. Going forward the Company plans to capitalize on its newly formed customer relationships plus ValidSoft's patented technology, while exploring additional global growth opportunities. Elephant Talk is now prepared to secure considerable market share in Europe, the Middle East and Asia in the future. These new markets will allow us to increase our market presence, while growing the bottom line. As an endorsement of our belief in the Company, insiders in have now invested approximately \$40 million into the Company."

About Elephant Talk Communications

Elephant Talk Communications is positioning itself as an international telecom operator and enabler to the multimedia industry by facilitating the distribution of all forms of content as well as mobile and fixed telecom services to global telecommunications consumers. The Company provides traditional telecom services, media streaming, and distribution services primarily to the business-to-business (B2B) community within the telecommunications market where it has a presence. The Company's global footprint as a fully licensed carrier, supported by its propriety IN (Intelligent Network) and Billing/CRM (Client Relationship Management) Systems, has been designed to offer cutting-edge solutions to the increasingly competitive global multimedia industry. Elephant Talk's telecommunications platform eliminates the usual limitations caused by national borders, networks, devices or media and, therefore, enables its B2B customers to operate as independent telecom and multimedia distribution organizations. Elephant Talk is also a developer for mobile telecom and content distribution solutions; and, as a Mobile Virtual Network Enabler (MVNE), the company has positioned itself as the premier outsourcing partner for both Mobile Network Operators (MNO's) as well as for Mobile Virtual Network Operators (MVNO's). At the same time, Elephant Talk assists its MNO partners to more efficiently provide a broad range of sophisticated services to their own existing base of MVNO's. Elephant Talk is positioning itself as the preferred MVNE partner of the larger, global Mobile Operators and currently operates sophisticated networks in over a dozen markets in Europe, Asia Pacific, and the Middle East. The Company was ranked fifth on the Orange County 2008 Deloitte Technology Fast 50. For more information, visit: www.elephanttalk.com.

Forward-Looking Statements

Certain statements contained herein constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, estimates and projections about the Company's industry, management's beliefs and certain assumptions made by management. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Because such statements involve risks and uncertainties, the actual results and performance of the Company may differ materially from the results expressed or implied by such forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Unless otherwise required by law, the Company also disclaims any obligation to update its view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements made here; however, readers should review carefully reports or documents the Company files periodically with the Securities and Exchange Commission.

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