



# ASX Release

29 January 2008

## Quarterly Cash Flow Report - Commentary

The Board of ComTel Corporation Limited (ASX:CMO) is pleased to submit the quarterly cash flow report (Appendix 4C) for the December 2007 quarter.

CMO's \$1,519,000 operating cash flow before once off restructuring costs and net finance costs for the quarter is an excellent result for the company and indicative of its success in identifying new mobile markets and delivering value to customers.

Reflective of the quality of the company's mobile offerings, the December 2007 4C marked CMO's fifth consecutive quarter of positive operating cash generation.

The operating cash flow for the six months before once off restructuring costs and net finance costs of \$3,558,000 was in line with the forecast. Focused on reducing its debt and strengthening its balance sheet, CMO took the opportunity to clear its \$3,125,000 short term borrowings from its cash reserves during the quarter.

The Board would like to reinforce the previously stated forecast of \$8,000,000 EBITDA for the full year. The company's half year results will be announced in late February 2008.

### **About ComTel Corporation Limited**

*ComTel Corporation Limited (ASX:CMO), established in December 2004 and formerly known as ComodiTel, is an Australian owned mobile phone company that offers pre and post paid phone services via its network of MVNOs (Mobile Virtual Network Operator), including Just Mobile and Reward Mobile. As an MVNE (Mobile Virtual Network Enabler) CMO packages minutes with services for wholesale clients who operate their own phone and internet brands. A network capacity agreement with Vodafone Australia underpins both streams of activity. CMO's MNVO and MNVE expertise, combined with the capabilities of recently acquired permission based e-marketing and research group Empowered Communications, delivers value-focused mobile solutions to satisfy consumers as well as major brands and associations looking to maximise efficiencies created by the convergence of mobile and the internet.*

### **For further information**

David Sweet – Managing Director  
0414 888 999

Emma Cullen-Ward – Investor Relations  
0414 989 137

For personal use only

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000.

Name of entity

**COMTEL CORPORATION LIMITED**

ACN or ARBN

30 000 386 685

Quarter ended ("current quarter")

31 December 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 Months) \$A'000
1.1 Receipts from customers	11,676	17,854
1.2 Payments for		
(a) staff & consultants costs	(1,851)	(2,987)
(b) advertising and marketing	(207)	(318)
(c) leased assets	(16)	(40)
(d) other working capital	(8,083)	(10,951)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	58	120
1.5 Interest and other costs of finance paid	(500)	(604)
1.6 Income taxes paid	-	-
1.7 Other – restructuring costs provided for in FY07	(188)	(862)
<b>Net operating cash flows</b>	<b>889</b>	<b>2,212</b>

+ See chapter 19 for defined terms.

For personal use only

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>889</b>	<b>2,212</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of: (a) businesses (item 5)	(10,841)	(11,853)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(352)	(394)
(e) other non-current assets	(165)	(5,708)
(f) Research & Development expenditure	-	-
1.10 Proceeds from disposal of: (a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	0	(100)
1.12 Loans repaid by other entities	500	500
1.13 Other	-	-
<b>Net investing cash flows</b>	<b>(10,858)</b>	<b>(17,555)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(9,969)</b>	<b>(15,343)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	57	7,247
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	10,075	14,500
1.18 Repayment of borrowings	(3,125)	(3,125)
1.19 Dividends paid	-	-
1.20 Other – Customer base loan repayment	(237)	(477)
<b>Net financing cash flows</b>	<b>6,770</b>	<b>18,145</b>
<b>Net increase (decrease) in cash held</b>	<b>(3,199)</b>	<b>2,802</b>
1.21 Cash at beginning of quarter/year to date	6,701	700
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>3,502</b>	<b>3,502</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	450
1.25	Aggregate amount of loans to the parties included in item 1.11	0

1.26 Explanation necessary for an understanding of the transactions

- Payments in item 1.24 include remuneration and consultancy fees paid to the executive directors and non executive directors of \$406,439 (including a termination payment to Ilario Faenza) and payments to a Director related entity for the provision of legal services \$43,410.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

For personal use only

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	3,502	6,701
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>3,502</b>	<b>6,701</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	Empowered Communications (Holdings) Pty Ltd	-
5.2 Place of incorporation or registration	VIC	-
5.3 Consideration for acquisition or disposal	\$24,907,286	-
5.4 Total net assets	\$1,399,195	-
5.5 Nature of business	Permission based e-marketing and research.	-

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
 Company Secretary

Date: 29 January 2008

Print name: Campbell Nicholas

+ See chapter 19 for defined terms.

For personal use only

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
4. Where applicable, the consolidated statement of cashflows, particularly items 1.1 and 1.2, are reported inclusive of GST in accordance with UIG 31.

---

+ See chapter 19 for defined terms.