

## ASX Release

19 October 2007

### **CMO reports strong Q1 cash flow result. On track for EBITDA of \$6 million for FY 2008.**

Commoditel (ASX:CMO) today issued its cash flow report for the quarter ending 30 September 2007, reporting operating cash flow of \$1,996,864 before restructuring costs provided for in the 2006/2007 financial year. Net operating cash for the 1<sup>st</sup> quarter was \$1,323,084 after these restructuring costs.

#### **EBITDA RESULT**

The Directors are pleased to report that EBITDA for the September 2007 quarter was \$1,751,231, which is in line with Directors' expectations after concluding the recent acquisitions and taking into account seasonal factors. The company remains on track to meet the EBITDA forecast of \$6,000,000 for financial year 2008, as announced on the 31st August 2007.

#### **OPERATIONS UPDATE**

The Directors are also pleased to report that the consolidation of all operating activities of the company to its Sydney Headquarters will be completed by 30 November 2007. The progress of the rationalisation and consolidation has been on schedule with minimal disruption to customers and services.

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For further information please contact:

David Sweet

Managing Director

CommodiTel Limited

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**ENDS**

# Appendix 4C

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

Introduced 31/3/2000.

Name of entity

**COMMODITEL LIMITED**

ACN or ARBN

30 000 386 685

Quarter ended ("current quarter")

30 September 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 Months) \$A'000
1.1 Receipts from customers	6,178	6,178
1.2 Payments for		
(a) staff & consultants costs	(1,136)	(1,136)
(b) advertising and marketing	(110)	(110)
(c) leased assets	(24)	(24)
(d) other working capital	(2,868)	(2,868)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	61	61
1.5 Interest and other costs of finance paid	(104)	(104)
1.6 Income taxes paid	-	-
1.7 Other – restructuring costs provided for in FY07	(674)	(674)
<b>Net operating cash flows</b>	<b>1,323</b>	<b>1,323</b>

+ See chapter 19 for defined terms.

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**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>1,323</b>	<b>1,323</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of: (a) businesses (item 5)	(1,012)	(1,012)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(42)	(42)
(e) other non-current assets	(5,543)	(5,543)
(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	(100)	(100)
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
<b>Net investing cash flows</b>	<b>(6,697)</b>	<b>(6,697)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(5,374)</b>	<b>(5,374)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	7,190	7,190
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	4,425	4,425
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – Customer base loan repayment	(240)	(240)
<b>Net financing cash flows</b>	<b>11,375</b>	<b>11,375</b>
<b>Net increase (decrease) in cash held</b>	<b>6,001</b>	<b>6,001</b>
1.21 Cash at beginning of quarter/year to date	700	700
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>6,701</b>	<b>6,701</b>

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**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	270
1.25	Aggregate amount of loans to the parties included in item 1.11	100

1.26 Explanation necessary for an understanding of the transactions

- Payments in item 1.24 include remuneration and consultancy fees paid to the managing executive director and non executive directors \$155,045 and payments to a Director related entity for the provision of legal services \$115,085.
- Payment in item 1.25 is a drawdown of the loan facility by Sonnet Enterprise Services Pty Ltd.

**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	-	-

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**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	6,701	700
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>6,701</b>	<b>700</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Sonnet Corporation Limited	-
5.2 Place of incorporation or registration	WA	-
5.3 Consideration for acquisition or disposal	\$31,038,007	-
5.4 Total net assets	\$642,018	-
5.5 Nature of business	Provision of mobile telecommunications services to retail and wholesale customers.	-

**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: 19 October 2007

Print name: Campbell Nicholas

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## 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.

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