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COMMODITEL LIMITED  
ABN 30 000 386 685

29 July 2005

Manager of Company Announcements  
Australian Stock Exchange Limited  
Level 6, 20 Bridge Street  
SYDNEY NSW 2000

**By E-Lodgement**

**QUARTERLY REPORT - APPENDIX 4C**

Please find attached the Company's Quarterly Report and Appendix 4C for the quarter ended 30 June 2005.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'David Riekie'.

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**David Riekie**  
Chairman



## **Quarterly Report for the Period ended 30 June 2005**

The Board of CommodiTel Limited (ASX: CMO) is pleased to advise of the following commentary in respect of the Company's activities during the quarter ended 30 June 2005.

### **CORPORATE ACTIVITIES**

#### **Rights Issue**

The Company released a prospectus dated 22 June 2005 (with a supplementary prospectus lodged on 15 July 2005) for a non-renounceable rights issue of approximately 125,520,457 shares to be issued at a price of \$0.01 per share on the basis of 1 share for every 2 shares held as at 5.00pm (WST) on 1 July 2005. The issue to raise up to approximately \$1,255,204 was fully underwritten by Australian Heritage Group Pty Ltd and closed on 26 July 2005.

#### **Infinitel**

During the quarter, CMO announced the execution of a MOU with Infinitel Pty Ltd to sell branded SIM cards. Infinitel was founded by the CEO of Bugal Pty Ltd.

Bugal, through its flagship brands Zany Mobile and Mobile Mojo, is one of Australia's largest sellers of mobile games, ringtones and wallpapers, having already sold to in excess of 2 million customers in over 3 years. The relationship with Infinitel is anticipated to allow CommodiTel to enter this high growth market.

CommodiTel will assist Infinitel in creating its own branded SIM cards which will strengthen the relationship it has with its customer base by focusing in providing greater gaming solutions for end users.

Commoditel continued to provide white label services for convenience giant 7-Eleven, and has executed a Branded Dealer service agreement with Bartercard Australia.

## OPERATIONAL ACTIVITIES

The Board also announced during the quarter the achievement of 15,000 subscribers, in line with previous forecasts. The table below shows the acceleration in customer acquisitions and the forecast results for the September and December quarter.

**	Actual December Quarter 04	Actual March Quarter 05	Actual June Quarter 05	Projected * Sept Quarter 05	Projected* Dec Quarter 05
Cumulative customers	885	4037	15021	27330	45000

\* These outcomes are based on current growth patterns that management believes will continue over the next six months. It has been assumed that the effectiveness from marketing campaigns will continue as the Company progresses with its marketing activities.

\*\* The projections in the above table are subject to risk factors associated with the industry and the assumption made by the board that current trends experienced by the Company will continue.

### **Adaptive Systems Pty Ltd**

During the June quarter, the business continued to consolidate its position with its existing customers in the key Canberra based government sector. The Company also engaged two key sale executives to promote the Company's Infobank product which has received positive feedback from its target market. Final development of the Infobank product continues, with the product due for commercial release towards the end of this calendar year.

# 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 June 2005

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.1 Receipts from customers	402	1314
1.2 Payments for		
(a) staff & consultants costs	(449)	(1,726)
(b) advertising and marketing	(123)	(406)
(c) leased assets	(29)	(110)
(d) other working capital	(356)	(985)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	79
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	105	129
1.7 Other	-	1
<b>Net operating cash flows</b>	<b>(448)</b>	<b>(1,706)</b>

Note: Item 1.6 Income taxes paid relates to research and development credits received from the ATO.

**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)	(448)	(1,706)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of: (a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(197)
(e) other non-current assets	-	-
(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	-	3
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	(17)
- Research & Development expense	-	-
<b>Net investing cash flows</b>	-	(211)
<b>1.14 Total operating and investing cash flows</b>	(448)	(1,917)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other	-	-
<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>	(448)	(1,917)
1.21 Cash at beginning of quarter/year to date	1,045	2,514
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	597	597

Note: Item 1.9(d) Physical non-current assets YTD \$194 has been restated during the quarter.

+ 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	73
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	<p>Explanation necessary for an understanding of the transactions</p> <ul style="list-style-type: none"> <li>• Payments in item 1.24 include remuneration paid to the executive director, non executive directors - \$19,810; and</li> <li>• Payments to a related entity for the provision of legal and consultancy - \$52,880</li> </ul>	

**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.

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

**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	409	315
4.2 Deposits at call	188	730
4.3 Bank overdraft	-	-
4.4 Other – Restricted bank deposits	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>597</b>	<b>1,045</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Not Applicable	Not Applicable
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**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: \_\_\_\_\_

Date: 29 July 2005

Director  
 Print name: David Riekie

+ See chapter 19 for defined terms.

## 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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