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COMMODITEL LIMITED  
ABN 30 000 386 685

31 January 2006

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

### **By E-Lodgement**

### **QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2005**

The Board of ComodiTel Limited is pleased to advise of the Company's activities during the quarter ended 31 December 2005 which is to be read in conjunction with the Company's 4C.

### **OPERATIONAL ACTIVITIES**

#### **Subscriber Connections**

As set out in our previous quarterly report the Board had previously projected 45,000 subscribers by 31 December 2005. This target was achieved ahead of schedule on 15 November 2005 in response to the internet based marketing campaign undertaken during the quarter. The effects of the increase in this customer base can be seen in the increase in quarterly revenue from \$473,000 for the September quarter to \$944,000 for the December quarter, an increase of 99%.

Overall the net operating cash flow deficit decreased from \$683,000 in the September 05 quarter to \$494,000 for the December 05 quarter. During the same period payments relating to operating activities rose only 24%.

It should be also noted that \$300,000 designated as "payments for other non-current assets" was paid in December 2005 to AAPT as a deposit for the purchase of the AAPT subscriber base which is discussed in more detail below.

#### **AAPT prepaid mobile customer base purchase**

On 28 December 2005 the Company announced an agreement to acquire the AAPT prepaid mobile customer base which will be funded by a mix of debt and vendor finance. It is anticipated that the acquisition will bring significant revenue from a customer base of approximately 22,000 subscribers. The Company will benefit from any recharge that these customers undertake from 1 January 2006.

It is expected that including this base the Company's total mobile subscriber base will generate in excess of \$2 million for the 6 months ending 30 June 2006.

All existing recharge facilities for these customers will remain in place for the next 12 months to minimise disruption.

### **Gametel launch**

The Company executed a Carriage Service Provider Agreement with Infnitel Pty Ltd ("Infnitel") on 4 October 2005. Infnitel, a company founded by the CEO of Bugal Pty Limited, has been established to sell branded SIM cards and has placed an initial order for 10,000 SIMs.

Bugal, through its flagship brands Mobile Mojo and Zany Mobile is one of Australia's leading players in the mobile ringtone, games and wallpaper market and have already sold to over two million customers over the past three years. Mobile Mojo is Australia's longest standing mobile content provider in Australia.

The Company assisted Infnitel in creating its own branded SIM card which will strengthen the relationship it has with Infnitel's customer base by focusing on providing greater gaming solutions for end users or subscribers.

The Infnitel mobile service was launched in December of this year under the name "*gametel*" (refer [www.gametel.com.au](http://www.gametel.com.au)).

### **CORPORATE ACTIVITIES**

As discussed above the Company entered into an agreement to purchase the AAPT customer base. This was funded by way of deposit from cash at bank funds \$300,000 with the balance funded by way of debt and vendor finance.

Yours faithfully



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**David Riekie**  
**Chairman**

# 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")

31 December 2005

### 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	944	1,417
1.2 Payments for		
(a) staff & consultants costs	(407)	(730)
(b) advertising and marketing	(91)	(181)
(c) leased assets	(32)	(56)
(d) other working capital	(917)	(1,646)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>(494)</b>	<b>(1,177)</b>

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)		
<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	(7)	(18)
(e) other non-current assets	(300)	(300)
(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	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
- Research & Development expense	-	-
	<b>(307)</b>	<b>(318)</b>
<b>Net investing cash flows</b>		
1.14 <b>Total operating and investing cash flows</b>	<b>(801)</b>	<b>(1,495)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	1,490
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	-	(104)
<b>Net financing cash flows</b>	<b>-</b>	<b>1,386</b>
	<b>(801)</b>	<b>(108)</b>
<b>Net increase (decrease) in cash held</b>		
1.21 Cash at beginning of quarter/year to date	1,290	597
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	<b>489</b>	<b>489</b>

Note: Item 1.20 Other relates to share issue costs paid.

+ 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	223
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

- Payments in item 1.24 include remuneration and consultancy retainers paid to the managing, executive director and non executive directors \$125,350; and
- Payments to a related entity for the provision of rental of office premises, legal, corporate advisory and financial management services- \$97,658

**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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**Appendix 4C**  
**Quarterly report for entities**  
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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	389	1,190
4.2 Deposits at call	100	100
4.3 Bank overdraft	-	-
4.4 Other – Restricted bank deposits	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>489</b>	<b>1,290</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: 31 January 2006

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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