

ASX Release

28 April 2008

Quarterly Cash Flow Report - Commentary

The Board of ComTel Corporation Limited (ASX:CMO) is pleased to submit its Quarterly Cash Flow report (Appendix 4C) for the period 1 January to 31 March 2008.

ComTel's \$896,000 operating cash flow for the March quarter marks the company's sixth consecutive positive operating cash flow result.

The March 2008 4C statement will be the last required under Australian Securities Exchange (ASX) listing rules.

"We have received confirmation from the ASX that ComTel will no longer be required to report its cash flows on a quarterly basis, having demonstrated consistent operating cash flow performance over multiple quarters," Managing Director David Sweet said.

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

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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 March 2008

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	10,503	28,357
1.2 Payments for		
(a) staff & consultants costs	(2,141)	(5,126)
(b) advertising and marketing	(486)	(804)
(c) leased assets	(24)	(65)
(d) other working capital	(6,356)	(17,307)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	138
1.5 Interest and other costs of finance paid	(456)	(1,060)
1.6 Income taxes paid	(162)	(162)
1.7 Other – restructuring costs provided for in FY07	-	(862)
Net operating cash flows	896	3,109

+ See chapter 19 for defined terms.

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Quarterly report for entities
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	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	896	3,109
Cash flows related to investing activities		
1.9 Payment for acquisition of: (a) businesses (item 5)	(112)	(11,965)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(144)	(539)
(e) other non-current assets: customer base	(1,024)	(6,733)
(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)
1.12 Loans repaid by other entities	-	500
1.13 Other	-	-
Net investing cash flows	(1,280)	(18,837)
1.14 Total operating and investing cash flows	(384)	(15,728)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	7,247
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	14,500
1.18 Repayment of borrowings – bank loan	(425)	(3,549)
1.19 Dividends paid	-	-
1.20 Other – Customer base loan repayment	(243)	(720)
Net financing cash flows	(668)	17,478
Net increase (decrease) in cash held	(1,052)	1,750
1.21 Cash at beginning of quarter/year to date	3,502	700
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	2,450	2,450

+ 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	152
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 fees paid to the managing executive director and non executive directors \$151,605.

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:		
	- Bank loan (Empowered acquisition)	-	7,500
	- Empowered acquisition (deferred consideration)	-	5,000
	- Empowered acquisition (vendor finance)	-	2,000
	- Vodafone (customer base acquisition)	-	3,439
	- Convertible note (Sonnet acquisition)	-	1,500
	Total	-	19,439
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	2,450	3,502
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.23)	2,450	3,502

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	-	-
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:
 Company Secretary

Date: 28 April 2008

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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