

30 April 2007

The Australian Stock Exchange Limited  
Companies Announcements Office

**Freshtel Holdings Limited**  
**Quarterly Cash Flow Statement to 31 March 2007**

In accordance with the requirements of ASX Listing Rule 4.7B, Freshtel Holdings Limited ('Freshtel') hereby presents its Cash Flow Statement for the quarter ended 31 March 2007.

Total cash balances of the consolidated group as at 31 March 2007 were \$17.5 million. Net cash outflow of \$2.4 million was recorded for the quarter.

Receipts from customers totaled \$1.0 million for the quarter, a 16.6% increase over the \$0.9 million recorded in the previous quarter.

Staff costs of \$1.6 million were in line with the previous quarter. For the six months to 31 December 2006, staff costs of \$0.5 million associated with R&D activities have been capitalised, all of which is reflected in the cash flow statement for the 3 months to 31 March 2007 (ensuring a restatement between operating cash flow and cash flow associated with investing activities).

Directors remain confident with regards to the ongoing business development and white label opportunities within the group.

Yours faithfully,



Peter Warner  
Acting Chief Executive Officer

# Appendix 4C

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

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Freshtel Holdings Limited

ACN

111 460 121

Quarter ended ("current quarter")

31 March 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...9.... months) \$A'000
1.1 Receipts from customers	1015	3447
1.2 Payments for		
(a) staff costs	-1555	-4585
(a)(i) staff costs transferred to intangible assets	539	539
(b) advertising and marketing	-33	-109
(c) research and development		
(d) cost of sales	-499	-1782
(e) other operating expenses	-1140	-2757
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	286	565
1.5 Interest and other costs of finance paid	-2	-9
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net operating cash flows</b>	<b>-1389</b>	<b>-4691</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	263
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions	

**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

N/A
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- 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

N/A
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**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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+ See chapter 19 for defined terms.

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

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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	16945	19357
4.2 Deposits at call	572	575
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	17517	19932

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
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 Act (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: 30 April 2008  
(Director/Company secretary)

Print name: Jan Macpherson

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+ 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.

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