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Companies Announcement Office
Australian Stock Exchange Ltd
Level 10
20 Bond Street
SYDNEY NSW 2000

12th October 2004

REVIEW OF OPERATIONS

The directors of Stratatel are pleased to announce that the company has posted its best quarterly financial performance since listing in December 2000.

The company is now cash flow positive and profitable with the outlook for the company to post its maiden profit this financial year.

For the quarter ended 30th of September 2004 the company increased its cash position by \$24,000 taking its total cash reserves to \$944,000.

The company is in a sound financial position with:

- a small but important profit result for the first quarter of this financial year
- a positive quarterly cash flow
- a balance sheet with no debt
- consistently improving quarterly results
- an estimated 97% of the market still available for its MobileFleet® systems in Australia.
- more than 35,000 units under management

Importantly the company's recurrent revenue business model has proven itself to be sustainable with every new contract signed resulting in a positive effect on the bottom line.

For further information contact:

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Managing Director

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

Stratatel Limited

ABN

63 088 257 729

Quarter ended ("current quarter")

30 September 2004

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (3 Months)
		\$A'000	\$A'000
1.1	Receipts from customers	429	429
1.2	Payments for (a) staff costs	(222)	(222)
	(b) advertising and marketing	(6)	(6)
	(c) research and development		
	(d) leased assets		
	(e) other working capital		
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	12	12
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other – Income Tax Refund (R&D)		
	Payments to suppliers	(182)	(182)
	Net operating cash flows	31	31

+ 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 (3 Months) \$A'000
1.8 Net operating cash flows (carried forward)	31	31
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(7)	(7)
(e) other		
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 (provide details if material)		
Net investing cash flows	(7)	(7)
1.14 Total operating and investing cash flows	24	24
Cash flows related to financing activities		
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 (Share Issue and Listing expenses)		
Net financing cash flows	-	-
Net increase (decrease) in cash held	24	24
1.21 Cash at beginning of quarter/year to date	920	920
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	944	944

+ 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	99
1.25	Aggregate amount of loans to the parties included in item 1.11	N/A
1.26	Explanation necessary for an understanding of the transactions	
	Non-executive directors' fees of \$27K and executive director's remuneration of \$72k.	

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

- 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

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	N/A	N/A
3.2 Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

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

Reconciliation of cash

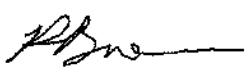
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	144	120
4.2	Deposits at call	800	800
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		944	920

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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 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: 12/10/2004
(Director/Company Secretary)

Print name: Paul K Brown

+ 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

+ See chapter 19 for defined terms.