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Dear Shareholder,

Following the recent acquisition of the assets of Softlog Systems P/L the Board of Directors felt it timely to update you on the activities and progress of your company.

I am pleased to be able to inform you that the company continues to experience strong revenue and earnings growth and the Directors are confident that (assuming the Company continues its high client retention) this will continue for the foreseeable future.

With the acquisition of the Softlog business the company enters an exciting growth phase underpinned by a solid and growing base of contracted annuity revenues.

The company expects strong revenue and earnings growth to continue:

- the existing FleetManager® direct sales pipeline is very strong
- existing FleetManager® sales dealers have a significant pipeline of sales prospects
- additional resources have been added to our lead generation activities, expected to generate increased sales
- Softlog sales partners have a strong sales pipeline
- with a combined 700 clients cross-selling opportunities exist between Softlog and Stratatel,
- new vertical market opportunities for Softlog Enterprise systems are to be targeted

The company now has representation in most major capital cities in Australia as well as internationally.

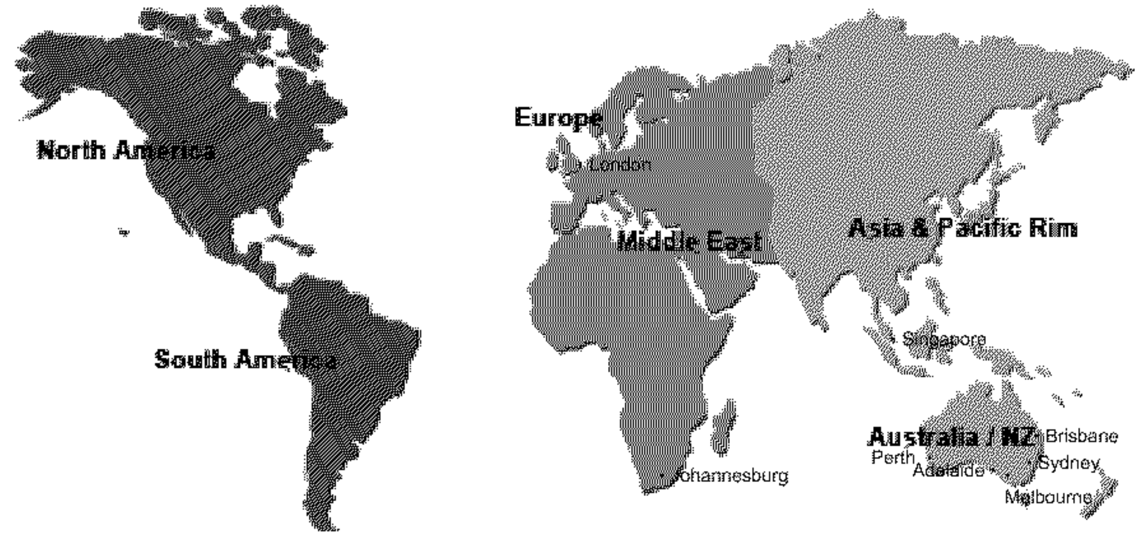


Table 1: Stratatel offices and the major activity

Office Location	Role
Sydney	Stratatel Sales and Client Services
Melbourne	Softlog / Stratatel Sales Representation
Perth	Group Finance, Product Development, Softlog Sales
Brisbane	Softlog Sales, Client Services, Development
Adelaide	Softlog Sales Representation
Singapore	Softlog Sales & Support Representation
Johannesburg	Softlog Sales & Support Representation
London	Softlog / Stratatel Sales Representation

As shareholders are aware traditionally the company has measured its success not only in financial terms but in units under management (UUM). The acquisition of Softlog dictates that the company will examine whether or not this measurement is the most appropriate measure for growth as the company moves forward.

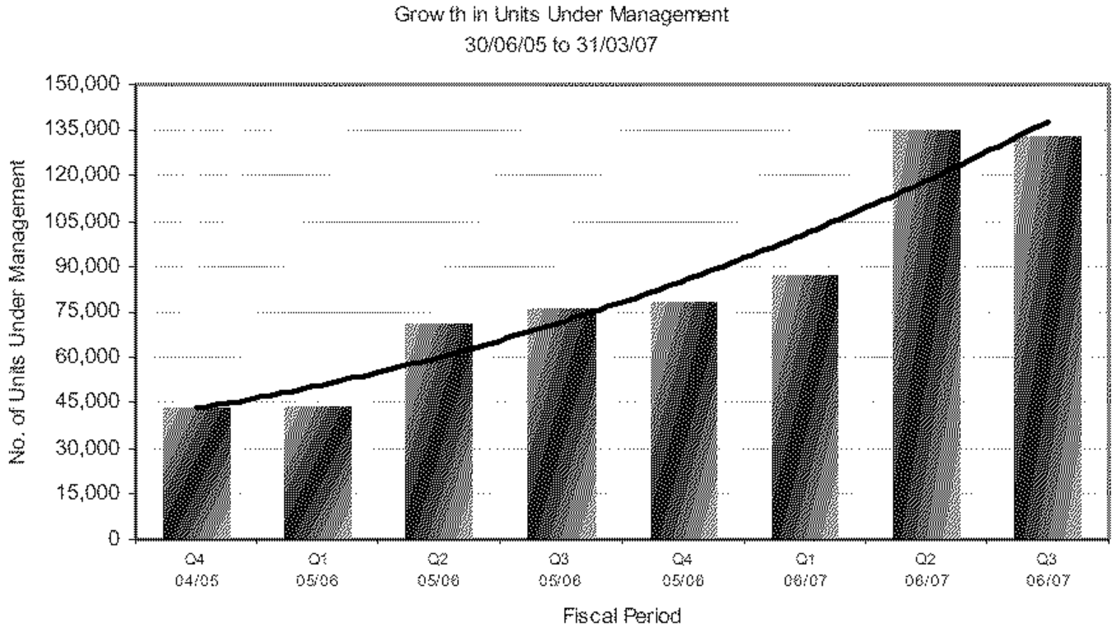
Company Activities

Growth in Units Under Management (UUMS)
With the acquisition of Vircom combined with Stratatel's organic growth the company now has over 130,000 units under management.

Whilst the majority of UUM's are mobile telephones, the company's sales and marketing activities are becoming increasingly focussed on other unit types such as taxi cards, vouchers and fuel cards, as well as telephony devices.

Stratatel is of the view that an offering such as FleetManager® which manages multiple asset types and associated expenditure in one system, with one password, is where future market opportunities lie; as opposed to multiple, disparate, supplier based billing systems.

Table 2: Growth in Units Under Management (UUM) over the last 2 years



Sales
The company's sales strategy has been to grow sales and revenue through direct marketing, lead generation and direct sales activities as well as via key sales partners.

In terms of dealers, sales and revenue secured via Optus for Optus MobileFleet (OMF) continues to grow and our expectations are that this sales growth will continue into 2008 and beyond.

The company is confident that sales will commence from the association with Expense Reduction Analysts (ERA) in the 2008 fiscal year.

Currently sales in the UK are secured through the company's Tollring/Azzurri agreement and modest sales growth is occurring.

Stratatel is now planning the next move in terms of the UK market taking into account the Softlog acquisition.

Softlog
Shareholders will be aware of the company's recent acquisition of the assets of Softlog Systems Pty Ltd. Softlog (www.softlog.com.au) specialises in expense management and cost recovery along not dissimilar lines to Stratatel albeit in direct relation to photocopying, scanning, email and fax expenditure.

To date Softlog Enterprise has been sold to legal and accounting firms for disbursement cost recovery. Future plans are to not only continue to sell to these vertical markets but also to broaden the product offering to include Australian government agencies and blue chip organisations where cost management and cost centre billing is essential.

Softlog has two key dealers within Australia who have been actively selling Softlog Enterprise as well as marketing agreements with major MFD (Multi Function Device) suppliers. These partners provide an important additional sales channel supplementing direct sales generated by Softlog sales staff.

Softlog is a well managed and profitable business that is set for growth both domestically and internationally. Stratatel has committed to providing finacial support to ramp up sales.

Exisiting management has been retained and the structure of the business purchase agreement is milestone based, thus aligning all stakeholder interests.

In the 2006/07 financial year Softlog as a stand alone business would have generated approximately $1.8m in revenue and $300,000 in earnings and the Stratatel Board is confident of achieving further growth in revenue and earnings in the 2007/08 fiscal year.

Vircom Update
As shareholders are aware Stratatel acquired a competitor, Vircom Pty Ltd on 8th December 2006.

Vircom staff and infrastructure have been relocated to Stratatel's West Perth office.

Clients using the Vircom systems, where possible, are in the process of being migrated to Stratatel's FleetManager® system.

Whilst operationally this process had its associated challenges at the date of this report all Vircom clients have been retained and the Vircom acquisition continues to be earnings accretive.

Stratatel Solutions (Product) Suite
With the acquisitions of Vircom, eFleet and Softlog, and our own FleetManager® the company now has a range of products that are similar in functionality; providing a level of either Asset Management, Expense Management and/or Cost Recovery benefits to corporate and government clients. A summary of these solutions are outlined in the table below:

Table 3: System/Product

System	What does it do
FleetManager®	Multi supplier asset, expense & cost recovery management system for credit cards, mobile telephones, fuel cards, taxi expenditure etc.
MobileFleet®	Mobile telephone fleet management system (superseded by FleetManager®)
Infratel™	Fixed line management system (superseded by FleetManager®)
Softlog Enterprise™	Cost recovery and expense management system for the capturing of disbursement costs for fax, photocopy, email and scanning from multi function devices (MFD's)
Pool Car Manager™	Asset, user and expense management system for fleets of pool cars
AutoManager™	Motor vehicle fleet management system
OnTrac™	Mobile and fixed line telecommunications management system used by Vircom clients (superseded by FleetManager®)

Importantly, all systems will continue to be supported whilst any migration plan remains in place.

Over time, where possible and when it makes marketing and commercial sense to do so the product suite will be downsized and/or re-engineered to ensure efficient product development and support.

FleetManager® One System, One Password for Life
All new clients are implemented onto the company's proprietary FleetManager® Asset and Expense management system. FleetManager® continues to be developed to meet client asset and expense management requirements particularly in relation to functionality associated with taxi expenditure and fuel cards.

Clients are also now realising the benefits of utilising FleetManager® to manage laptops, fuel cards, taxi vouchers and data cards, in addition to mobile and fixed line telephones.

In summary the company is focussed on growing its base of annuity and contracted revenue into the future by way of organic growth and suitable acquisitions. The Board is of the view that by continuing to build this annuity revenue base the company is building solid foundations for shareholder value.

For further information please contact:

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About Stratatel

Stratatel Limited is a public company listed on the Australian Stock Exchange (ASX: STE). The business of Stratatel was formed in 1997 to provide specialist independent telecommunications advice, brokerage and facilities management services to the corporate and government sectors.

Stratatel has developed unique and proprietary asset and expense management systems that are designed to effectively and efficiently manage the cost and administration of assets and related expenditure.