Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Name of entity

CITROFRESH INTERNATIONAL LIMITED

ABN	Quarter ended ("current quarter")
76 064 551 426	31 December 2004

STATEMENT OF CASH FLOWS

	Cash flows related to operating activities		Curent quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from customers		47	47
1.2	Payments for	(a) staff costs	(134)	(225)
		(b) sales and marketing costs	(114)	(141)
		(c) corporate costs	(78)	(247)
		(d) leased assets	(1)	(2)
		(e) Other working capital	(250)	(750)
		(f) other expenses	(139)	(187)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		11	34
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		3	3
1.7	Other (provide details if material)		-	-
	Net operating cash flows		(655)	(1,468)
	Cash flows related to investing activities			
1.8	Payment for acquisition of:			
		(a) businesses (item 5)	-	-
		(b) equity investments	-	-
		(c) intellectual property	-	-
		(d) physical non-current assets	-	(28)
		(e) other non-current assets	-	-
1.9	Proceeds from disposal of:			
		(a) businesses (item 5)	-	-
		(b) equity investments	-	-
		(c) intellectual property	-	-
		(d) physical non-current assets	-	-
		(e) other non-current assets	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		42	42
1.12	Other – security deposit		-	(7)
1.13	**Net investing cash flows**		42	7
	Total operating and investing cash flows		(613)	(1,461)

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	25	2,133
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Share issue costs)	-	(127)
	Net financing cash flows	25	2,006
	Net increase (decrease) in cash held	(588)	545
1.20	Cash at beginning of quarter/year to date	1,300	167
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	712	712

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
1.23	Aggregate amount of payments to the parties included in item 1.2	408
1.24	Aggregate amount of loans to the parties included in item 1.11	-

1.25 Explanation necessary for an understanding of the transactions

$158,000 for executive and non-executive directors' fees, remuneration and consulting fees to director related entity & fees to a director related entity for accounting, office administration and company secretarial fees.
$250,000 for inventory purchases – refer to commentary later in this report.

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

Not Applicable

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

Not Applicable

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	-	-

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	102	74
4.2 Deposits at call	610	1,226
4.3 Bank overdraft	-	-
4.4 Other (bank guarantees and terms deposits)	-	-
Total: cash at end of quarter (item 1.22)	712	1,300

Acquisitions and disposals of business entities

	Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1 Name of entity	NIL	NIL
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: ....31/ 01/2005........
(Secretary)

Print name: ....Jeffrey Hanlon.....................................

APPENDIX 4C COMMENTARY
STATEMENT OF QUARTERLY CASH FLOWS: OCTOBER 2004 TO DECEMBER 2004

OVERALL COMMENTS

This is the Company's second cash flow report following shareholders approving the change in the nature and scale of the Company's activities to the marketing and distribution of Citrofresh Products.

In the quarter under review the Company made positive progress towards increasing sales turnover.

OPERATING CASH FLOW

Net operating cash outflows for the quarter and half year ended 31 December 2004 were \$0.655 million and \$1.468 million respectively. The contributing factors to the net outflows were timing differences in the generation of sales and collection of receipts from customers compared to payments made for stock purchases.

Included in "other working Capital" cash outflows for the current and previous quarter are \$0.250 million and \$0.5 million paid to the manufacturer of Citrofresh products (GDM Technologies) for stock. The stock acquired has been converted into sales of \$0.97 million (net of GST) as at 31 December 2004 and as part of the Company gearing up for overseas sales orders in January 2005.

Total receipts from customers of \$0.047 million reflect that most of the sales to customers were invoiced towards the end of the current quarter. The customers have either paid in January 2005 or are due to pay in early February 2005. These collections will be reported in the next quarterly statement of cash flows.

Operating cash outflows for the half year of \$1.468 million include a number of one-off costs associated with the reduction of creditors predating the change in activity, corporate costs associated with the change in activity, and establishment of infrastructure, including staff recruitment.

As at the end of the quarter the Company had liquid assets of \$1.9 million and a net working capital ratio of 5.9 times

FINANCING ACTIVITIES

Cash flows related to financing activities include proceeds of \$25,268 received from the exercise of 101,071 options in November 2004.

For further information contact Ravi Narain, Managing Director and Chief Executive Officer, Citrofresh International Limited on telephone number (03) 5257 3013 or Ron Gajewski, non-executive chairman, Citrofresh International Limited, on telephone number (08) 9240 2448.

Dated 31 January 2005