

### Overview of Business

ComTel Corporation Limited (ASX: CMO), through its Empowered division, is a leading permission-based online and mobile advertising business.

The Company also offers pre and post-paid phone services via its network of mobile virtual network operators (MVNO). As a mobile virtual network enabler, it also packages minutes with services for wholesale clients who operate their own phone and internet brands.

### Empowered Communications (EC)

EC has developed a membership base of approximately 550,000 people that agree to receive advertising messages in exchange for rewards. Members have been sourced through five loyalty websites, each offering a unique incentive for participation.

Empowered focuses on ensuring its members are comprehensively segmented allowing advertisers to conduct sophisticated profiling to meet campaign requirements.

With the online marketing industry trending towards performance based advertising, EC's business model is well poised to capitalise on this growth.

### MVNO

Comtel operates several pre and post paid mobile brands targeting different consumer groups (budget, Gen Y, etc) via a network contract with Vodafone.

### Management

CEO David Sweet has held a number of executive roles over the past 12 years in Australia and New Zealand, including positions with Vodafone and iTouch. He has extensive experience across sales, distribution and strategic development.

COO of Empowered, Chris Meehan recently joined the CMO management team. Chris was previously the CEO of ASX-listed online travel company travel.com.au Limited, and General Manager of domain.com.au. Chris is highly experienced, with a track record for delivering value to online businesses in Australia.

### Co-Investor Investment

To enable ComTel to refinance its existing bank debt, and settle its deferred payment obligations for the acquisition of Empowered, Co-Investor provided a \$5m senior debt facility and a \$10m equity injection through a placement and underwriting a rights issue (December 2008).

### Substantial Shareholders

Co-Investor Capital Partners, an active investor in smaller listed companies in Australia and New Zealand ([www.co-investor.net](http://www.co-investor.net)), is the major shareholder in CMO with 68.8%. Co-Investor's Executive Director, Phil Pryke, has agreed to become a director of the Board.

### Share Price & Volume



### Capital Structure ('000)

|                              |                 |
|------------------------------|-----------------|
| Number of Shares             | 457,426         |
| Share Price (12 Dec 2008)    | \$0.025         |
| <b>Market Capitalisation</b> | <b>\$11,436</b> |
| Total Debt (15 Dec 2008)     | \$9,200         |
| Cash & Equivalents           | \$3,114         |
| <b>Enterprise Value</b>      | <b>\$17,522</b> |

Note: 37,259,421 options are on issue

### Profit & Loss ('000)

|         | FY06    | FY07    | FY08     |
|---------|---------|---------|----------|
| Revenue | 3,144   | 8,269   | 38,074   |
| EBITDA  | (1,165) | (1,672) | 8,102    |
| EBIT    | (3,372) | (5,480) | (26,819) |
| NPAT    | (4,657) | (6,555) | (27,102) |

### Balance Sheet ('000)

|                              | FY06         | FY07           | FY08          |
|------------------------------|--------------|----------------|---------------|
| Cash Assets                  | 218          | 700            | 3,114         |
| Trade Debtors                | 272          | 508            | 4,639         |
| Inventories                  | 62           | 203            | 164           |
| Plant & Equipment            | 53           | 89             | 987           |
| Intangible Assets            | 1,357        | 1,930          | 10,543        |
| Other                        | 1,149        | 2,359          | 26,554        |
| <b>Total Assets</b>          | <b>3,111</b> | <b>5,789</b>   | <b>46,001</b> |
| Trade Creditors & Accruals   | 813          | 3,705          | 14,209        |
| Interest Bearing Liabilities | 167          | 800            | 7,255         |
| Other                        | 1,014        | 4,515          | 12,697        |
| <b>Total Liabilities</b>     | <b>1,994</b> | <b>9,020</b>   | <b>34,161</b> |
| <b>Net Assets</b>            | <b>1,118</b> | <b>(3,231)</b> | <b>11,840</b> |

### Cash Flow Statement ('000)

|                                | FY06       | FY07       | FY08         |
|--------------------------------|------------|------------|--------------|
| Cash from Operating Activities | (1,847)    | 1,148      | 5,176        |
| Cash from Investing Activities | (1,421)    | (5,035)    | (19,200)     |
| Cash from Financing Activities | 2,917      | 4,342      | 16,437       |
| Net Change in Cash             | (351)      | 455        | 2,413        |
| Net Cash - Beginning Balance   | 596        | 245        | 700          |
| <b>Net Cash - End Balance</b>  | <b>245</b> | <b>700</b> | <b>3,113</b> |



| Profit & Loss ('000)                | FY06           | FY07           | FY08            |
|-------------------------------------|----------------|----------------|-----------------|
| Operating Revenue                   | 2,630          | 8,266          | 36,866          |
| Other Revenue                       | 514            | 3              | 1,208           |
| <b>Total Revenue</b>                | <b>3,144</b>   | <b>8,269</b>   | <b>38,074</b>   |
| Airtime Charges & Associated Costs  | (2,256)        | (4,747)        | (17,379)        |
| Employee Benefits Expense           | (897)          | (1,776)        | (5,011)         |
| Restructuring Provision             | -              | (1,158)        | -               |
| Other Expenses                      | (1,155)        | (2,260)        | (7,583)         |
| <b>EBITDA</b>                       | <b>(1,165)</b> | <b>(1,672)</b> | <b>8,102</b>    |
| Depreciation & Amortisation         | (341)          | (1,015)        | (3,584)         |
| Impairment Losses                   | (1,867)        | (2,793)        | (31,336)        |
| <b>EBIT</b>                         | <b>(3,372)</b> | <b>(5,480)</b> | <b>(26,817)</b> |
| Net Finance Costs                   | (3)            | (1,075)        | (1,624)         |
| Income Tax                          | -              | -              | 1,339           |
| Discontinued Operations (after tax) | (1,281)        | -              | -               |
| <b>Net Profit (Loss)</b>            | <b>(4,657)</b> | <b>(6,555)</b> | <b>(27,102)</b> |

| Cash Flow Statement ('000)                  | FY06           | FY07           | FY08            |
|---|----------------|----------------|-----------------|
| Receipts from Customers                     | 3,672          | 8,154          | 39,315          |
| Payments to Suppliers and Employees         | (5,518)        | (6,781)        | (32,353)        |
| Payments for Restructuring                  | -              | -              | (862)           |
| Interest Received                           | 23             | 33             | 221             |
| Borrowing Costs                             | (24)           | (258)          | (983)           |
| Income Tax Paid                             | -              | -              | (162)           |
| <b>Cash from Operating Activities</b>       | <b>(1,847)</b> | <b>1,148</b>   | <b>5,176</b>    |
| Payments for Plant & Equipment              | (37)           | (116)          | (612)           |
| Disposal of Non-Current Assets              | 51             | 3              | -               |
| Purchase of Intangible Assets               | (1,435)        | (3,300)        | (7,013)         |
| Acquisition of Subsidiaries                 | -              | -              | (11,975)        |
| Loan Given                                  | -              | -              | (100)           |
| Proceeds from Repayment of Loan             | -              | -              | 500             |
| Transfer to Term Deposit (restricted cash)  | -              | (1,622)        | -               |
| <b>Cash from Investing Activities</b>       | <b>(1,421)</b> | <b>(5,035)</b> | <b>(19,200)</b> |
| Proceeds from Issue of Shares               | 2,240          | 2,187          | 7,557           |
| Payments for Share Issue Costs              | (123)          | (178)          | (311)           |
| Proceeds from Borrowings                    | 800            | 2,500          | 14,500          |
| Repayment of Borrowings                     | -              | (167)          | (4,835)         |
| Repayment of Finance Lease Liabilities      | -              | -              | (68)            |
| Payment of Finance Fees                     | -              | -              | (406)           |
| <b>Cash from Financing Activities</b>       | <b>2,917</b>   | <b>4,342</b>   | <b>16,437</b>   |
| <b>Net Increase (Decrease) in Cash Held</b> | <b>(351)</b>   | <b>455</b>     | <b>2,413</b>    |
| Cash at the Beginning of the Period         | 596            | 245            | 700             |
| <b>Closing Cash Balance</b>                 | <b>245</b>     | <b>700</b>     | <b>3,113</b>    |

Co-Investor is a substantial shareholder in ComTel Corporation. The information provided in this 'Fact Sheet' is historical only and Co-Investor does not provide any forward looking statements or views. The information provided is not offered as tax, legal or investment advice or an offer to buy or sell securities. Co-Investor shall not be liable for any errors or delays in content, or for any actions taken in reliance thereon.

| Balance Sheet ('000)                 | FY06         | FY07           | FY08          |
|--------------------------------------|--------------|----------------|---------------|
| Cash & Cash Equivalents              | 218          | 700            | 3,114         |
| Trade & Other Receivables            | 272          | 508            | 4,639         |
| Other Financial Assets               | -            | 850            | 294           |
| Other                                | 82           | 737            | 138           |
| Inventories                          | 62           | 203            | 164           |
| Assets Held For Sale                 | 67           | -              | -             |
| <b>Total Current Assets</b>          | <b>701</b>   | <b>2,998</b>   | <b>8,349</b>  |
| Plant & Equipment                    | 53           | 89             | 987           |
| Goodwill                             | 1,000        | -              | 23,846        |
| Intangible Assets                    | 1,357        | 1,930          | 10,543        |
| Deferred Tax Assets                  | -            | -              | 1,075         |
| Other Financial Assets               | -            | 772            | 1,201         |
| <b>Total Non-Current Assets</b>      | <b>2,410</b> | <b>2,791</b>   | <b>37,652</b> |
| <b>Total Assets</b>                  | <b>3,111</b> | <b>5,789</b>   | <b>46,001</b> |
| Trade and Other Payables             | 813          | 3,705          | 14,209        |
| Provisions                           | 77           | 1,165          | 388           |
| Interest Bearing Borrowings          | 167          | 800            | 7,255         |
| Income Tax Payable                   | -            | -              | 256           |
| Deferred Income                      | -            | -              | 872           |
| Other Current Liabilities            | 137          | -              | -             |
| <b>Total Current Liabilities</b>     | <b>1,194</b> | <b>5,670</b>   | <b>22,980</b> |
| Interest Bearing Borrowings          | 800          | 3,350          | 6,310         |
| Other Payables                       | -            | -              | 1,573         |
| Deferred Tax Liabilities             | -            | -              | 3,178         |
| Provisions                           | -            | -              | 120           |
| <b>Total Non-Current Liabilities</b> | <b>800</b>   | <b>3,350</b>   | <b>11,181</b> |
| <b>Total Liabilities</b>             | <b>1,994</b> | <b>9,020</b>   | <b>34,161</b> |
| <b>Net Assets (Liabilities)</b>      | <b>1,118</b> | <b>(3,231)</b> | <b>11,840</b> |
| Contributed Equity                   | 49,474       | 51,647         | 93,451        |
| Reserve                              | 2,727        | 2,761          | 3,129         |
| Accumulated Profit (Losses)          | (51,083)     | (57,638)       | (84,740)      |
| <b>Total Shareholder Equity</b>      | <b>1,118</b> | <b>(3,231)</b> | <b>11,840</b> |

| Substantial Shareholders ('000)        | # Shares | % interest |
|--|----------|------------|
| Co-Investor Capital Partners (& Assoc) | 314,685  | 68.8%      |

| Capital Structure            | ('000)          |
|------------------------------|-----------------|
| Number of Shares             | 457,426         |
| Share Price (12 Dec 2008)    | \$0.025         |
| <b>Market Capitalisation</b> | <b>\$11,436</b> |
| Total Debt (15 Dec 2008)     | \$9,200         |
| Cash & Equivalents           | \$3,114         |
| <b>Enterprise Value</b>      | <b>\$17,522</b> |

Note: 37,259,421 options are on issue

