

Companies Announcement Office
Australian Securities Exchange
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

28 February 2012

HALF YEAR RESULTS AND OUTLOOK

Highlights:

- Revenue of \$5.26 million (down 32% on the prior corresponding period) and EBITDA of (\$592 thousand) (down 277% on the prior corresponding period)
- The Company returned to profitability in November and December with profitability expected to continue on a month to month basis
- Strong cash position of \$1.05 million as at 31 December 2011
- Future earnings uplift expected from MTN, TEMS and Services and Consulting

Results For Announcement To The Market:

	Half Year ended 31 December 2011 \$	Percentage increase/(decrease) over previous corresponding period ¹
Revenue from ordinary activities	5,262,506	(32%)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(591,765)	(277%)
Profit from ordinary activities after tax attributable to members	(605,596)	n/a
Net profit for the period attributable to members	(605,596)	n/a

¹ The previous corresponding period is the half year ended 31 December 2010.

Net Tangible Assets:

	31 December 2011	31 December 2010
Net tangible assets per ordinary share	1.21 cents	0.88 cents

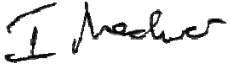
Explanation of Result:

Revenue for the six months to 31 December 2011 was \$5.3 million, an decrease of 32% over the previous corresponding period. Revenues were below Management's expectations for the 6 months ending 31 December 2011 due to tough economic conditions and the significant investment in the set up and roll out of FleetManager in South Africa

Stratatel has a solid balance sheet position with cash of \$1.05 million and no debt as at 31 December 2011.

EBITDA and NPAT for the period were (\$591,765) and (\$605,596) respectively. The decrease in EBITDA from the prior period has also been as a result of the initial investment in establishing FleetManager for MTN, South African joint venture, and lower than expected sales in the first four months.

After a company restructure in October 2011, the company returned to profitability in the months of November and December. This return to profitability is expected to continue for the next 6 months.

A handwritten signature in black ink, appearing to read 'I Macliver'.

Ian Macliver
Chairman



Stratatel Limited

(ABN 63 088 257 729)

Half Year Report

31 December 2011

Contents	Page
Directors' Report	1
Auditor's Independence Declaration	2
Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7
Directors' Declaration	11
Independent Auditor's Review Report	12

The information contained in the half year financial report should be read in conjunction with the Company's Annual Financial Report for the year ended 30 June 2011.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Ian Alexander Macliver	Chairman
Michael James Fairclough	Managing Director
Geoffrey Ernest Lambert	Non-Executive Director (<i>resigned 29 July 2011</i>)
Graham Baillie	Non-Executive Director

Review of Operations

- Revenue from ordinary activities decreased by 32% or \$2.56m, down from \$7.83m the previous corresponding period to \$5.26 this period.
- The company underperformed for the first 4 months of the year.
- A company restructure was completed during October, allowing the company to return to profitability in November and December.
- The Company's investment in the MTN South African joint venture, also contributed to the first half year loss.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 2 and forms part of this directors' report for the half-year ended 31 December 2011.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001.



Ian Macliver

Chairman

Dated this 28 day of February 2012.



Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Stratatel Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Stratatel Limited.

Perth, Western Australia
27 February 2012

W M CLARK
Partner, HLB Mann Judd

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 \$	2010 \$
Revenue	2	5,262,506	7,827,209
Cost of goods sold		(1,313,703)	(3,096,428)
Employee benefits expense		(2,750,956)	(2,836,950)
Other employee related expense		(407,910)	(441,749)
Communications expense		(118,362)	(111,485)
Advertising & marketing		(120,740)	(119,208)
Professional fees		(555,375)	(423,289)
Occupation expense		(369,499)	(251,960)
Listing expense		(19,193)	(21,040)
Depreciation and amortisation		(306,673)	(366,378)
Finance costs		(6,866)	(1,981)
Other expenses		(187,300)	(169,892)
Loss before income tax		(894,071)	(13,151)
Income tax benefit/(expense)		288,475	(135)
Loss for the period		(605,596)	(13,286)
Other comprehensive income		-	-
Total comprehensive result for the period		(605,596)	(13,286)
Earnings per share			
Basic loss per share (cents per share)	5	(0.40)	(0.01)
Diluted loss per share (cents per share)	5	(0.40)	(0.01)

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Notes	31 Dec 2011 \$	30 Jun 2011 \$
Assets			
Current Assets			
Cash and cash equivalents		1,047,143	1,279,576
Trade and other receivables		2,537,724	4,094,768
Inventory		42,827	39,875
Other current assets		108,229	92,552
Total Current Assets		<u>3,735,923</u>	<u>5,506,771</u>
Non-Current Assets			
Property, plant and equipment		167,368	187,639
Development		2,194,704	2,222,206
Intangible assets		4,877,444	4,877,444
Other receivables		-	11,422
Other financial assets		169,732	162,962
Deferred tax asset		653,861	378,822
Total Non-Current Assets		<u>8,063,109</u>	<u>7,840,495</u>
Total Assets		<u>11,799,032</u>	<u>13,347,266</u>
Liabilities			
Current Liabilities			
Trade and other payables		2,594,917	4,476,430
Current tax liabilities		30,136	8,990
Provisions		-	82,315
Total Current Liabilities		<u>2,625,053</u>	<u>4,567,735</u>
Non-Current Liabilities			
Provisions		158,445	179,504
Deferred tax liability		211,310	237,894
Total Non-Current Liabilities		<u>369,755</u>	<u>417,398</u>
Total Liabilities		<u>2,994,808</u>	<u>4,985,133</u>
Net Assets		<u>8,804,224</u>	<u>8,362,133</u>
Equity			
Issued capital	6	10,879,285	9,831,598
Reserves		150,870	150,870
Accumulated losses		(2,225,931)	(1,620,335)
Total Equity		<u>8,804,224</u>	<u>8,362,133</u>

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2010	9,702,045	(1,230,432)	150,870	8,622,483
Total comprehensive income for the period	-	(13,286)	-	(13,286)
Dividend payment	-	(279,895)	-	(279,895)
Recognition of equity based payment	-	-	1	1
Shares issued	63,653	-	-	63,653
Balance as at 31 December 2010	9,765,698	(1,523,613)	150,871	8,392,956

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2011	9,831,598	(1,620,335)	150,870	8,362,133
Total comprehensive income for the period	-	(605,596)	-	(605,596)
Shares issued	1,047,687	-	-	1,047,687
Balance as at 31 December 2011	10,879,285	(2,225,931)	150,870	8,804,224

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	2011 \$	2010 \$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	6,900,110	6,695,434
Payments to suppliers and employees	(7,899,418)	(6,483,701)
Interest received	4,464	20,993
Finance costs	(6,866)	(1,981)
Income tax paid	7,998	(63,924)
Net cash (used in)/provided by operating activities	<u>(993,712)</u>	<u>166,821</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,402)	(74,430)
Purchase of non-current assets	(226,498)	(337,928)
Payments for subsidiaries, net of cash acquired	(27,508)	(80,832)
Net cash used in investing activities	<u>(286,408)</u>	<u>(493,190)</u>
Cash flows from financing activities		
Proceeds on share issue	1,047,687	-
Dividends paid	-	(205,593)
Net cash provided by/(used in) in financing activities	<u>1,047,687</u>	<u>(205,593)</u>
Net decrease in cash held	(232,433)	(531,962)
Cash and cash equivalents at 1 July 2011	1,279,576	1,561,050
Cash at 31 December 2011	<u>1,047,143</u>	<u>1,029,088</u>

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Stratatel Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for land and buildings, derivative financial instruments and available-for-sale financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2011.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Stratatel Limited Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 2: REVENUE

	31 Dec 2011 \$	31 Dec 2010 \$
(a) Revenue		
Telecommunications expense management	2,702,792	3,057,185
MTN South Africa	46,698	-
Print expense management	836,021	922,779
Training	2,500	4,729
IBM software licences – new sales	55,188	706,399
IBM software licences & maintenance renewals	1,146,601	2,328,075
Computer services & subscriptions	401,175	777,003
Interest income	11,234	21,889
Other income	60,297	9,150
	<u>5,262,506</u>	<u>7,827,209</u>

(b) Specific Expenses

Interest expense	6,866	1,981
Depreciation of non-current assets	52,673	76,316
Operating lease rental expense: minimum lease payments	323,859	207,169

NOTE 3: DIVIDENDS PAID AND PROPOSED

Dividends Paid

No final dividend was declared for the year ended 30 June 2011.

Dividends Declared

The Board advises that it does not intend to declare an interim dividend for the financial year, and it will consider reinstating the dividend policy in the future, subject to performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 4: SEGMENT REPORTING

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The Board of Directors of Stratatel Limited reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. The Group operates predominantly in one business and geographical segment being the software development and software solutions industry providing services for corporate and government clientele throughout Australia. Accordingly, under the 'management approach' outlined only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

NOTE 5: EARNINGS PER SHARE

	31 Dec 2011 \$	31 Dec 2010 \$
Earnings used for calculation of basic and diluted earnings per share		
Loss from operations	(605,596)	(13,286)
Weighted average number of shares	No.	No
Weighted average number of shares used in the calculation of basic EPS	151,770,314	146,271,301
Weighted average number of options on issue	-	-
Weighted average number of shares used in the calculation of diluted EPS	151,770,314	146,271,301
Basic loss per share (cents per share)	(0.40)	(0.01)
Diluted loss per share (cents per share)	(0.40)	(0.01)

NOTE 6: ISSUED CAPITAL

	31 Dec 2011 \$	30 Jun 2011 \$
Ordinary shares issued and fully paid	10,879,285	9,831,598
<i>Movements in ordinary shares on issue</i>	No.	\$
At 1 July 2011	143,288,185	9,831,598
Options exercised on 13 October 2011	20,002	2,000
Rights Issue 20 December 2011	47,769,541	1,045,687
At 31 December 2011	191,077,728	10,879,285

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

NOTE 7: JOINT VENTURE

Stratatel Limited acquired 50% of Webhouse Software Pty Ltd on 1 July 2011 for nil consideration. This company had no assets or liabilities at the date of acquisition. This company will be the legal vehicle through which MTN joint venture revenue is received and distributed to the partners of the joint venture.

NOTE 8: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events subsequent to the reporting date.

NOTE 10: RELATED PARTY TRANSACTIONS

The related party disclosures have been disclosed in full in the annual financial report for the year ended 30 June 2011. In addition, during the half year Grange Consulting Group Pty Ltd provided consulting services for the Webhouse Software Pty Ltd Joint Venture transaction amounting to \$17,500, net of GST (2011: \$Nil). Mr Ian Macliver is the Managing Director of Grange Consulting Group Pty Ltd.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on pages 3 to 10:
 - a. comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



Ian Macliver

Chairman

Dated this 28 day of February 2012

INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of
Stratatel Limited**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2011, the condensed income statement, condensed statement of changes in equity, condensed cash flow statement and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of Stratatel Limited and the entities it controlled during the half-year ended 31 December 2011 ("consolidated entity").

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stratatel Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Stratatel Limited on 27 February 2012.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Stratatel Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
27 February 2012

W M CLARK