

### Highlights

- Revenue for Q1 is up **114%** over the same period last year.
- Earnings for Q1 are double that of the same period last year.
- Total revenues underpinned by base of recurrent revenue.
- Stratatel signs agreement with Canon Australia.
- Stratatel partnership with Fuji Xerox Asia Pacific.
- MobileFleet relaunched by Optus.
- Exciting new product developments in the pipeline.

### Profitability & Growth

Stratatel's expanding business operations in 2006/7 establishes the platform for strong results in 2008. The acquisition of Vircom and Softlog Systems created additional revenue streams and allowed Stratatel to leverage and integrate new technologies into their expansive product offering.

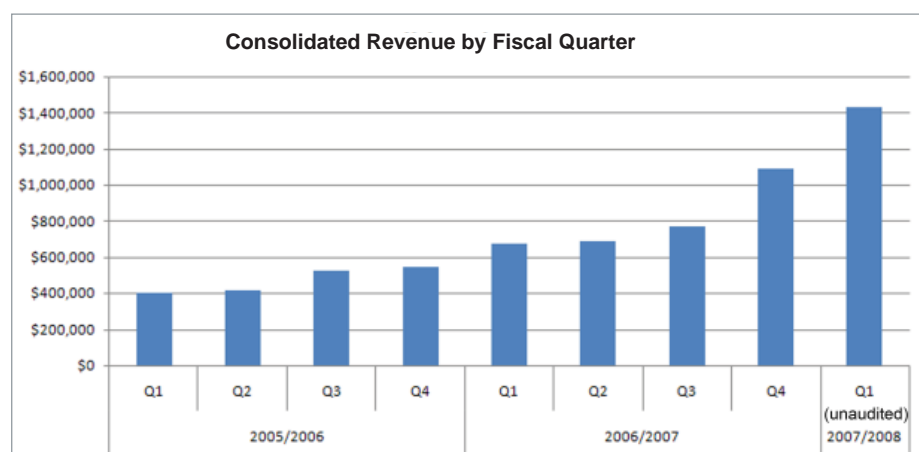
These acquisitions support Stratatel's commitment to generate sustainable annuity revenues and profitability with the Company achieving an outstanding first quarter result. Consolidated unaudited

revenue of A\$1.4m was achieved, 5% above the quarter's sales target and 114% over the same period last year.

Strong management, commitment to growth and focus on delivering shareholder returns should see positive results continue.

Stratatel is now well on track to deliver its consolidated profit of an increase of 50% over the 2006/7 financial period.

The first quarter netted an unaudited profit that is double that of the same period last year.



### Dear Shareholder

Following the completion of the first quarter of the 2007/8 financial year, the Board thought it timely to update shareholders on the activities and progress of your Company.

It is with pleasure that I can confirm to you that both revenue and earnings for Q1 2007/8 are up 114% and 102% respectively over the corresponding period last year (Q1 2006/7).

These results reflect the Company's strategy to further invest in sales and marketing activities for both the Stratatel FleetManager and Stratatel Softlog divisions to enhance organic growth.

The Stratatel FleetManager division continues to underpin the Company's organic growth with the bulk of the revenue being long term and recurrent. The Company has established a "lead generation" division that supports direct sales activities. This strategy is providing an increased number of sales opportunities for FleetManager of which, a number will convert to sales and additional recurrent revenue.

The Company's association with Optus to provide Optus MobileFleet, continues to prosper with new sales and recurrent revenue being secured.

The outlook for sales through Optus continues to be positive with the re-launch of Optus MobileFleet internally to drive sales forward.

You will be aware of the recent announcement regarding the agreement between Stratatel's subsidiary Softlog Systems P/L and Canon Australia. This sales agreement enables Stratatel Softlog, through the Canon sales force, to sell the softlog.onboard cost recovery software to existing and prospective Canon clients. The Company is confident that over time, the Canon association will generate substantial revenue and earnings.

Similarly, the recent announcement regarding Stratatel's agreement with Fuji Xerox has positive implications for the Company's future revenue and earnings across the Asia Pacific region.

### Dividends

The Company intends to continue to reward shareholders with regular dividends.

The Company has recognised a Dividend Re-investment Plan (DRP) is required to satisfy those shareholders who wish to acquire additional shares in the Company rather than receive the dividend payment.

To this end the Company is in the process of formulating a DRP that will be put to shareholders for consideration in coming months.

### Shareholder Communications

A more focussed approach to communicating the Company's strategy to potential investors and shareholders is planned for the new calendar year. The Company plans to release shareholder newsletters on a regular basis.

**Mike Fairclough**  
Managing Director & CEO

## Quarterly Sales Results

Stratatel made a strong start to the new financial year with unaudited consolidated sales for the first quarter totalling A\$1.4m, an excellent result for the Company exceeding sales for the same period last year by 114%.

The Stratatel FleetManager division responsible for asset and expense management solutions, had an exceptional first quarter contributing A\$850k to the Company's overall sales revenue. This was lead by stable recurrent revenue, new sales and client customisation services.

The Stratatel Softlog division responsible for cost recovery solutions also had a strong first quarter contributing A\$585k to sales revenue. This income was lead by new sales and ongoing service / maintenance agreements.

### Stratatel FleetManager

Stratatel FleetManager continued on from last year's trend delivering a strong first quarter. Sales were achieved through both the direct sales team and our wholesale channel leading to a number of key clients signing up for the FleetManager® product.

Sales are also expected from our existing clients currently looking to expand the use of Stratatel's products.

Two key clients are currently reviewing FleetManager® with the view of expanding the system across not only their Australian operations, but also into their Asia-Pacific operations.

Stratatel FleetManager will continue to push forward with new sales and also focus growing sales from its dealer channel.

### Stratatel Softlog

Stratatel Softlog have launched their innovative new product - **softlog.onboard**.

The **softlog.onboard** application enables professional organisations utilising selected multifunction devices (MFDs) to control and recover costs associated with copying, printing, faxing and scanning - eliminating the need for traditional cost recovery workstations. Users simply interact directly with the MFD touch screen to allocate work to specific departments, clients or projects.

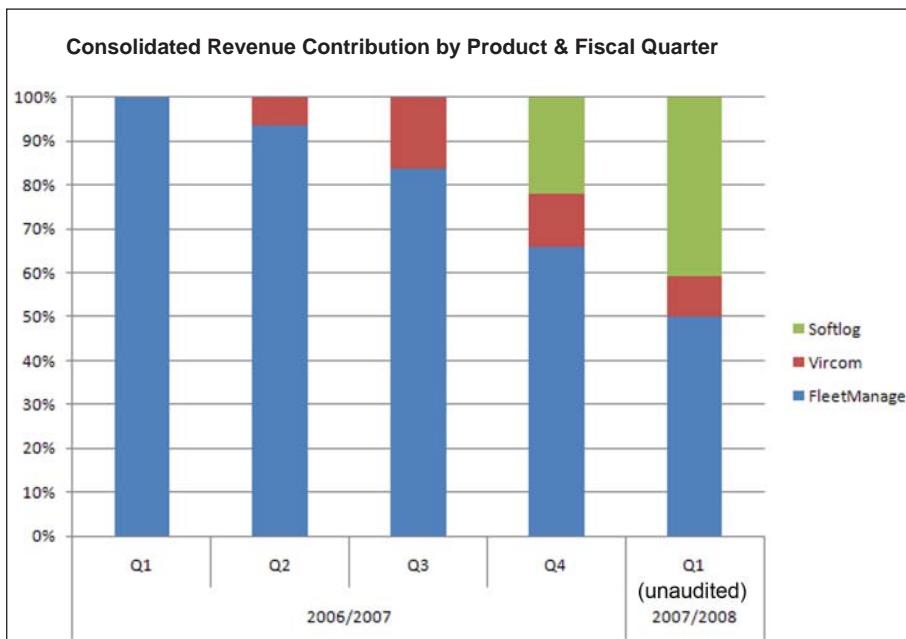
**softlog.onboard** is already available for Canon MFDs and is expected to be released for Ricoh and Xerox MFDs during November. The technology can be adapted to suite any MFD supplier.

### Stratatel signs agreement with Canon Australia.

Stratatel has signed an agreement with Canon Australia to deliver **softlog.onboard** embedded on Canon MFDs. The reseller agreement opens up a wide distribution channel across Australia for the **softlog.onboard** product.

An official product launch has been scheduled for the new year.

*Stratatel Managing Director, Mike Fairclough said, "This is great news for our customers. It means they can now efficiently manage and account for all work performed from their Canon device without the need to invest in additional hardware." He went on to say that, "over time, this agreement should generate significant revenue streams for Stratatel."*



### Stratatel partners with Fuji Xerox

An agreement has been signed with Fuji Xerox Asia Pacific that will allow Stratatel Softlog to market a solution that can interact directly with the Xerox MFD equipment. The agreement is the first step for the Company to establish a strong sales relationship with Fuji Xerox across Australia and the Asia Pacific.

## International

Stratatel has generating modest revenue from the UK through its FleetManager channel partner.

To date the Company has refrained from further investment in the UK whilst assessing its partner's performance, Stratatel's ability to support UK clients and also general market dynamics. At this time, the Company is of the view that maintaining the status quo is the most appropriate course of action to take in this market whilst recent acquisitions in Australia continue to be integrated into the group.

The Stratatel Softlog division generates modest revenue from South East Asia. The Company does however, see significant sales and revenue potential in this region through further investment in sales and marketing in conjunction with its Singapore based partner ServTouch, particularly in the light of the Canon and Fuji Xerox developments.

## Technology & Operational Excellence

Stratatel remains focused on delivering outstanding product performance while exceeding customer expectations. Its operations are managed efficiently and to a level that ensures our clients continue to receive optimal service.

Historically, this philosophy was seen through the redesign and development of the single service asset and expense management product MobileFleet® into the FleetManager® asset and expense management product which is capable of supporting multiple service types including; mobile telephones, fixed line telephones, fuel cards and taxi expenses through a '**One System, One Password, For Life**'™ approach.

Today 26% of the FleetManager® retail clients use Stratatel's systems for multiple service types and, as development progresses supported by market research, more service types will be added to the product.

The addition of Softlog.Enterprise to the Stratatel product range adds a cost recovery suite of applications that has the capability to deliver enterprise level cost recovery to the legal and accounting professions.

More recently Stratatel Softlog has been developing a print/copy/scan solution that operates onboard a manufacturer's (such as Canon and Fuji Xerox) multifunction device. This has the added advantage of being adapted to the corporate market where a requirement has been identified.

Through automation and continuous improvement Stratatel will continue to deliver quality world-class technology to it's client base.

## Marketing

With the integration of recent company acquisitions Stratatel has embarked on a major branding and marketing review.

This has resulted in a significant company wide re-branding project, the results of which will become visible to shareholders in the near future.

This re-branding is reflected in the new website (long overdue) and the corporatisation of all marketing communications to prospects, clients and shareholders. Importantly it takes into account the requirements of future acquisitions.

## Events

### 11 & 12 October 2007 - "Business can be simple" trade show.

Stratatel Softlog support and deliver a presence at the combined Canon and ServTouch hosted trade show in Singapore.

### 23 & 24 October 2007 - Fuji Xerox conference

Stratatel Softlog present softlog.onboard at the Fuji Xerox conference hosted in Singapore.

### 26 & 27 October 2007 - ALPMA

Stratatel Softlog participate as a Trade Exhibitor at this year's Australian Legal Practice Management Association Conference in Melbourne.

### 8 November 2007 - AGM

11.30am - Annual General Meeting  
Amora Jamison Hotel - Sydney  
11 Jamison Street, Sydney

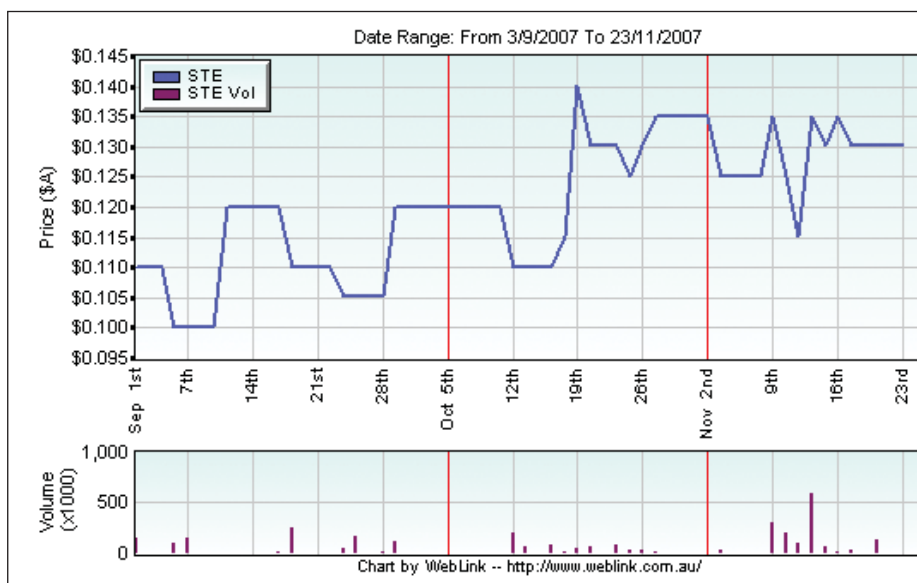
## Summary

Earnings outlook for the company remains positive and supported by:

- continuing growth in new sales;
- consolidated revenues that are underpinned by a base of recurrent revenue;
- further investment in sales and marketing with returns expected in second half of 2008 fiscal year and beyond;
- broadening the base of recurrent revenue through an extended product mix;
- the opportunity to capitalise on growth in SE Asia for softlog.onboard; and
- exciting new product developments that are in the pipeline.

## Security Details

Symbol:	STE	Final Dividend Amount:	\$0.0025
Issuer name:	Stratatel Ltd	Ex Dividend Date:	25/9/2007
Last price: (as at 23/11/07)	\$0.130	Dividend Payment Date:	15/10/2007
Dividend Rate Per share:	\$0.0025	Franked Percent:	0.00%
Dividend Yield:	2.273%	Gross Dividend Amount:	\$0.0025



## Shareholder Information

Please contact Computershare Investor Services Pty Ltd to change your address, email or to sign up for electronic shareholder communication.

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## Corporate Information

### Directors

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Mr Michael J Fairclough  
Mr Geoffrey E Lambert  
Mr Graham A Baillie

### Company Secretary

Mr Paul K Brown

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