



Strong Cash Collections 2nd Quarter (Appendix 4c Report)

Sydney Wednesday, January 25, 2006: People Telecom Limited (ASX/NZX:PEO) is pleased to announce its closing cash position as at December 31, 2005 reflecting strong cash flows for the quarter.

During the quarter People Telecom was the winner of the 2005 Deloitte's Fast 50 Technology companies in Australia and came 11th overall out of 500 in the Asia Pacific region, demonstrating the company's strong focus on the development and delivery of core technologies in web based self management services across the entire telecoms spectrum.

After all it is this service platform that separates the company from its rivals.

Recently, the company also announced its strategic alliance with Australia's Downer EDI and China's Huawei who combined have been chosen as the preferred vendor for the supply of the company's modems and network equipment within its national IP Network.

An agreement was also executed with Telstra Wholesale delivering substantial margin management benefits for the balance of the financial year and beyond.

Also an agreement was reached with NEC to gain access to the Nexstep's DSLAM network enabling the company to roll out second generation broadband services and business grade IP services in 2006 again increasing its margins on these products.

The cash collected in the December Quarter was the highest ever reaffirming the company's consistent organic growth message.

The company is pleased to report:

- Cash collected over the quarter was \$31.4 million up from \$28.4 million the previous quarter;
- Closing cash position at December was \$3.3 million up from \$2.6 million the previous quarter;
- Closing cash position excludes \$1.6 million held on deposit as security for bank guarantees given to third parties;

About People Telecom:

As one of Australia's largest telecommunications groups, People Telecom offers a comprehensive range of telecommunications products and services for businesses and broadband for consumer.

The company is a leader in service within the telecommunications landscape, offering high customer service levels accompanied by a full suite of standard and cutting edge telecommunications products such as Voice-Over Internet Protocol (VoIP).

Over the five year period the company has grown significantly. In the 2004 financial year pro-forma revenues reached \$73m and in the 2005 financial year the revenue achieved was \$100 million.

For further information, please visit <http://www.peopletelecom.com.au> or contact:

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People Telecom Limited
Appendix 4C
Quarterly report
for entities admitted
on the basis of commitments
For the Quarter ended 31 December 2005

Name of entity

PEOPLE TELECOM LIMITED

ABN

31 009 273 152

Quarter ended ("current quarter")

31 December 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	31,388	59,775
1.2 Payments for		
(a) cost of sales	(23,109)	(43,495)
(b) wages and related expenses	(3,401)	(6,978)
(c) dealer payments	(1,383)	(2,969)
(d) other working capital	(2,641)	(4,968)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	44	87
1.5 Interest and other costs of finance paid	(28)	(55)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	870	1,397

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	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	870	1,397
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(169)	(448)
(e) other non-current assets	87	(66)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(82)	(514)
1.14 Total operating and investing cash flows	788	883
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings including finance lease principal	(120)	(265)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	(120)	(265)
Net increase (decrease) in cash held	668	618
1.21 Cash at beginning of quarter/year to date	2,622	2,672
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	3,290	3,290

Note – Cash at end of quarter excludes cash on deposit of \$1.6 million provided as security for bank guarantees given to third parties

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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
1.24	Aggregate amount of payments to the parties included in item 1.2	177
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Aggregate payment comprises salary to CEO and directors fees paid to non executive directors

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

N/A

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

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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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	3,290	2,622
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,290	2,622

Note – Cash at end of quarter excludes cash on deposit of \$1.6 million provided as security for bank guarantees given to third parties

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
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: Wayne Wanders
Company secretary

Date: 25 January 2006

Print name: Wayne Wanders

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB107: Cash Flow Statements* apply to this report except for the paragraphs of the Standard set out below.

Aus20.1	reconciliation of cash flows arising from operating activities to operating profit or loss
40	itemised disclosure relating to acquisitions and disposals
48	disclosure of restrictions on use of cash