



ASX Announcement Half Year Profit

Thursday 22 February 2007

Sirius Telecommunications Ltd (ASX:SIU) is pleased to announce a profitable half year and the achievement of the aggressive milestones set for the period by the new Board.

Highlights during the half:

- Underlying results continue to improve with a movement into profitability, a trend which is expected to continue
- Record profit, assisted by the profit on sale of the SCS business
- Cash position continues to improve
- Strategic plan completed and being implemented, the core elements of which are:
 - Focus on IT&T business, but moving up the value chain toward higher margin specialist software products and services
 - Accelerated growth, both by acquisition and organically
 - Increased marketing and sales focus
 - Acquisition targets identified (all profitable) and first acquisition expected before June.

The operational and corporate review and restructure of the group has been completed and is being implemented. Corporate overheads have been reduced to sustainable levels and the proceeds from the sale of the SCS division have been banked.

The transformation of the new Sirius Group has commenced under the new strategic plan. Sirius will focus on owning and operating IT&T companies with specialist products and services that offer high value business propositions to the market.

We have previously acknowledged that our existing businesses lacked sufficient scale to achieve the level of profitability required of a publicly listed company. As a result, an aggressive acquisition plan has been formalised with the assistance of our corporate advisors. We believe we are on track to complete the first acquisition by 30 June 2007.

During the December half, the Company posted a record half-year profit. The company is expected to trade profitably for the full 2006-07 financial year, apart from one off acquisition costs.

The Company has expanded its activities in its Phoneware business by shifting the focus to the broader area of Telecom Expense Management (TEM). This has involved the introduction of new relationships being formed with: (a) Tangoe Inc, a global leader in TEM, and (b) TSA, a local specialist in the field of TEM. Also existing relationships with long-term partner Syncvoice Inc have been realigned and strengthened to integrate with the new Phoneware business plan.

Outlook

The company is focused on maintaining the profits achieved in the last six months. We are seeing an increase in our prospective sales pipeline as major corporates become aware of the business benefits and value proposition of Phoneware in the Telecom Expense Management Sector and the associated processes and subsequent cost savings.

Wholly owned subsidiary Phoneware will be conducting high-level executive briefings in early March in both Sydney and Melbourne and has already received requests for demonstrations and product specifications from existing customers and large corporations. The interest displayed for the new solution offering and the consultative and solutions based selling approach to high-end customers so far has been very encouraging. The go-to-market strategy initially is to focus on the financial services sector that traditionally has a high telecommunications spend. Several institutions in this sector have already engaged Phoneware in complex pilot programs.

2004/05, 2005/06 and 2006/07 Half Yearly Results (\$'000)

| | 2004/2005 | | 2005/2006 | | 2006/07 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 1 st Half | 2 nd Half | 1 st Half | 2 nd Half | 1 st half |
| Revenue | 10,936 | 12,273 | 9,674 | 6,487 | 4,066 |
| Revenue from discontinued operations | - | - | - | - | 1,357 |
| EBITDA | (23) | 421 | (7) | (654) | 748 |
| Profit before tax | (1,087) | (3,586) | (481) | (1,037) | 535 |

The Managed Services Division has continued to maintain and service its long-term loyal customer base in Canberra during the period (turnover \$1m), and continues to contribute to the group.

The new Board is reviewing several acquisition targets, which meet our criteria of a strong trading history, healthy profits and a unique value proposition. We expect an acquisition will be completed by 30 June 2007 which will be earnings per share positive and assist to build shareholder value.

For further information, please contact:

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About Sirius Telecommunications Ltd

Sirius Telecommunications (ASX:SIU) is an Australian-listed IT service provider to the telecommunications industry. Sirius has offices in Sydney and Melbourne. Phoneware Communication Systems Pty Ltd, an independently managed subsidiary of Sirius, is a TEM specialist. www.sirius.com.au