



ASX Announcement Acquisition of InfoMaster

27th June 2007

Sirius Telecommunications Ltd (ASX:SIU) is pleased to announce that a Share Sale Agreement has been signed with the vendors of InfoMaster (IFMA Pty Ltd) under which Sirius will acquire 100% of the issued share capital of IFMA.

The purchase price for IFMA consists of the initial consideration of \$3.2m, comprised of \$3.1m cash (payable as to \$2.8m at completion with the balance 90 days later) and \$100k in scrip (2m shares @ an issue price of 5 cents each) to be issued at completion. In addition, if the IFMA business achieves an EBIT result of more than \$1.05m for the 2007-2008 financial year a further payment up to the maximum of \$300k will be made subsequent to the publication of group results for financial year 2008. This payment is calculated on the basis of \$2 for every \$1 by which EBIT for the financial year 2008 exceeds \$900k. The payment can be made in cash or scrip at the discretion of Sirius.

Completion of the sale and purchase is scheduled to occur on or about 3 August 2007. The transaction is effective from 1 July 2007. All current staff of InfoMaster will be retained as part of the acquisition. Key management has also been retained. Jonathan Harris, current Managing Director will be retained for a minimum of three months from completion in the position of Transition Manager and will be available to provide consulting services at the request of the company for a further nine months. Effective today Frank Licciardello has been appointed CEO of InfoMaster, reporting to the current board of InfoMaster until completion.

InfoMaster provides innovative software and consulting services to Local and State Government and large Corporates. InfoMaster offers specialist solutions for Asset Management, Spatial technologies and E-planning. All software services are based on InfoMaster owned intellectual property.

Mr Frank Licciardello, Managing Director of Sirius has indicated that: "InfoMaster has a profitable track record and a strong national client base of 57 Australian Councils including Brisbane City Council and City of Melbourne. The board believes that InfoMaster is well positioned for future growth in sales and profitability and see Infomaster as a clear leader in its field."

Mr Jonathan Harris, Managing Director of InfoMaster noted that: "The sale to Sirius means a new era of the company is about to commence. Our basic attributes of providing great technology and customer service will be the same as always, and I believe InfoMaster will remain an exciting and dynamic company. We have a fantastic base of great products, great customers, and more importantly wonderful, passionate people."

This acquisition is well within the strict criteria, pricing and time-lines of the long term business plan set down by the new Sirius board in March 2006. The acquisition of InfoMaster is expected to be Earnings Per Share accretive based on the unaudited year to date results provided by the vendors. It is expected to increase Sirius 2007-2008 revenue by a further \$5m.

Funding of the acquisition will be by way of \$1.1m in bank debt, and a 1 for 1 rights issue totalling 45,907,500 new shares to current shareholders @ 5 cents per share to raise up to \$2.295m before costs. The Rights Issue timetable will be advised. Shareholders will have an equal opportunity to participate in any shortfall at the same price. It is anticipated that a placement of shares may be made subsequent to the Rights Issue to raise funds for working capital following the acquisition and to promote sales and marketing activities for the Phoneware division.

A background briefing note on Sirius follows this announcement.

For further information, please contact:

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About Sirius Telecommunications Ltd

Sirius is a long established software and services company that underwent a change in focus in 2006/07. Its focus is on providing software and services to large enterprises. The company operates via a federated or hub-and-spoke model which involves Sirius acting as a holding company (hub) for a number of software and service companies. The company is pursuing an acquisition-led growth strategy which envisages strong growth and profitability over the next few years. www.sirius.com.au

SIRIUS ANNOUNCES ACQUISITION & FIRST LEG OF ACQUISITION LED GROWTH STRATEGY

THE PAST – Restructuring & Building a Base for Growth

There has been significant change in Sirius over the last year and a half. It is worth summarizing the changes briefly as a precursor to examining the strategic direction of the company in the future. The major restructuring initiatives have included:

- Appointment of new 4-man board, led by Chairman Roger Mason.
- Appointment of new Managing Director, Mr. Frank Licciardello,
- Clean-up of the balance sheet including investment write-downs,
- Downsizing with the sale of non-performing business unit (SCS) and a significant cut in corporate overhead costs,
- Relaunch of the Phoneware business and signing of an exclusive licence with global Telecommunications Expense Management (TEM) leader Tangoe, and
- Acquisition strategy developed.

Sirius recorded a loss of \$4.6m in 2004/05, which declined to \$1.5m in 2005/06 and is expected to be close to break-even in 2006/07.

Whereas the 2006/07 year was about restructuring and recovery, the next few years will be about growth and profitability.

The current Sirius comprises two businesses:

- Phoneware: (www.phoneware.com.au) the leading TEM solutions provider in Australia. The TEM software and services provide by Phoneware allow large enterprises to better manage and control their telecommunications expenses (voice, data, internet and wireless) and reduce costs. The business was relaunched in March when it was announced that it had established an exclusive licence with a leading global TEM's company, Tangoe Inc.
- Sirius Managed Services (SMS): A smaller niche (profitable) business focused on help-desk and operator services to government departments.

THE FUTURE – 2007/08 & beyond

The board approved several significant changes to the company's focus following an extensive review of the business and prospects in March 2006. The first change is a shift in the focus of the business to the provision of providing "Software and Services" to large enterprises (including government); i.e. not only telecommunications software and services as at present. The company anticipates it will ask shareholders at the forthcoming AGM later in the year to drop the name "Telecommunications" from Sirius Telecommunications Ltd.

The second change is the adoption of a federated or hub-and-spoke model which will involve Sirius acting as a holding company (hub) for a number of software and service companies. Sirius will provide the over-arching corporate services such as funding and HR. Such a model is not new and has operated successfully in areas such as IT, advertising/PR and financial services.

The third change is the adoption of an acquisition led growth strategy which envisages strong rapid growth over the next few years. Our acquisition criteria for target companies includes, among other things:

- they must own and control their own IP,
- they must sit high in the value chain,
- stand-alone management,
- a history of profitability,
- significant recurring income, and.
- performance incentives linked to creation of shareholder value

Acquisition of InfoMaster (www.infomaster.com.au)

The first acquisition, announced today, is IFMA Pty Ltd, trading as InfoMaster. The payment will primarily be in the form of cash with a small scrip component.

The funding of the acquisition will be via way of bank debt and new capital in the form of a rights issue to current shareholders. A further 15% placement is anticipated following the rights issue. Full details of the Rights Issue is expected to be made in the next seven days.

Following the acquisition of Infomaster, Sirius is expected to have three profitable businesses with combined revenue in excess of over \$10m. It is expected the group will be profitable on a consolidated basis.

The board does not believe it is appropriate to forecast the quantum of the profit over the coming year given developments in the pipeline but we expect the new business to be earnings per share positive for the Sirius Group.

InfoMaster is a successful software and services company that meets all the company's acquisition and operating criteria. It operates in two product segments:

- Online tools for planning and development assessment (MasterView and MasterPlan), and
- Asset management software for governments and corporate clients looking to maintain infrastructure assets (local government, utilities and agribusiness)

Future Acquisitions

Sirius will continue to look at other acquisitions that meet the criteria, which have been outlined above.

For further information contact:

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Sirius Group Structure

