



## ASX Announcement Half Year Results

Friday 29 February 2008

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

### Highlights during the half:

- Strategic review of business units completed.
- Implemented Federated Hub and Spoke operating model.
- Acquisition led growth strategy developed and implemented.
- Strict performance hurdles placed on all operating business units.
- Change of name to Sirius Corporation reflecting change of focus from Telecommunications to Information Technology and “Software and Services”.
- Change of classification accepted by ASX and “Standard and Poors”.
- New skills and talent added to the Board of Directors.
- Acquisition of IFMA Pty Ltd (Infomaster) completed. Typical transitional issues have been identified and resolved.
- Successful rights Issue for \$2.3 million completed and the placement of \$700k foreshadowed at that time is close to completion.
- Secured \$1.1 million in senior debt from ANZ Banking Group.
- SMS Division provides steady growth to exceed half-year divisional budget.
- Phoneware resigns Telstra Business Systems Pty Ltd for a further 3 years.
- Infomaster awarded Coffs Harbour City Council tender for an Integrated Asset Management Software Solution.
- Further acquisition targets identified (all profitable) and the second acquisition expected before 30 June 2008.

The strategic review and restructure of the Group’s divisional businesses has been implemented. The Federated Hub and Spoke model has provided for several efficiencies and economies of scale and is well accepted by staff, investors and potential vendors of businesses. The corporate team has absorbed the additional workload and productivity within the Group has increased.

The transformation of the new Sirius Group has commenced under the new strategic plan. All staff and management have accepted the vision “to become an Australian leader in the provisions of software, service and consulting solutions to large enterprise and government”. The ASX has accepted our name and classification change from “telecommunications” to “information technology” to reflect the change in focus.

Investor support remains high and our bankers remain positive about the future growth prospects by providing senior debt funding to support our growth path. At the time of our rights issue, we foreshadowed the raising of a further \$700k via placement to cover the post acquisition and business development costs of Infomaster and are pleased to report that part of this placement has been announced and the balance of the placement has been arranged subject to final approvals.

We have previously acknowledged that our existing businesses lacked sufficient scale to achieve the level of profitability required of a publicly listed company. Despite the first acquisition being completed in the last half year we believe that further scale is required to attain critical mass. A further three acquisitions will be required in the next 3 years to achieve the scale required to maintain and justify the companies publicly listed status to shareholders. We are on track to complete the second acquisition by 30 June 2008.

Applying the new stringent performance hurdles being set to measure the operating divisions, the operational results of the combined business units in the first half are below expectation and action has been taken to improve performance in the second half.

The Sirius Managed Services (SMS) division showed steady growth and achieved 110% of budget. This is as a result of some existing customers procuring additional services from the Canberra based labour hire division of this Group. The Messaging and Games divisions of this Group all achieved budget in the first six months. We expect this trend to be maintained.

Phoneware continues to lead the market in its traditional business of call accounting and has doubled its VXT customer base in the last 6 months. Whilst margins remain high the average value of the sale is low and further penetration into the channel is required to reach critical mass in the segment. The launch of Telecom Expense Management Sector ("TEM") and the new Tangoe CMP product has not secured its first order to date despite conducting several large pilots, at significant cost to secure the first TEM order in Australia. Large financial institutions continue to show positive interest and investment but, longer than expected sales cycles and changes in management and control among the larger institutions have failed to deliver timely orders. The pipeline is still strong and the maiden order in this new product segment should be achieved by 30 June 2008.

Infomaster, which was acquired on 22 August 2007 with an effective date of 1 July 2007, has also not performed to expectations. Whilst integration efficiencies have been gained by relocating the HR, Finance and IT support functions to Melbourne, there has been a change of staff in the core software team of the business. A new software development manager has been appointed to provide the rigorous support, structure and guidance required to maintain and control the valuable intellectual property of this division. The company secured \$500K in new annual maintenance income as a result of completing the roll out of the South East Queensland Regulation Reduction Incentive Fund ("SEQ RRIF") project in July and the City of Melbourne has now gone live with the integration of the Asset Master suite of products across its assets infrastructure division of 150 staff. The below budget performance has been attributable to the non-delivery of large orders received in the last six months. These delays are of a transitional nature and have now been resolved. Infomaster currently has a significant order bank of contracts and tenders awarded of approx \$800K not delivered for various reasons. We believe that these delayed orders will be delivered in the coming six months.

## Outlook

The company is focused on maintaining profitability despite the first half's disappointing operational results mainly due to delays in the delivery of orders. We are seeing an increase in our prospective sales pipeline as major corporates become more educated and comfortable with the business benefits and value proposition of Phoneware and TEM. Also the delivery of orders in the Infomaster division over the next 6 months will ensure that Group performance will improve and budgets achieved.

Infomaster will be presenting at the Planning Institute of Australia Annual Congress as a sponsor to showcase its Unique MasterView and MasterPlan product sets in April 2008. Also Greenfield sites have been developed in Auckland, New Zealand, Perth and Hobart in the last 6 months that should bear financial results in the next six months. Infomaster has already received several requests from the NSW and Victoria State Planning Authorities and Departments for pilots, which will be conducted in March this year.

The Managed Services Division has continued to maintain and service its long-term loyal customer base in the three sectors of this division and continues to contribute profit 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 a second acquisition will be completed by 30 June 2008, which will immediately be earnings per share and cash flow positive and will assist to build shareholder value.

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### **About Sirius Corporation 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](http://www.sirius.com.au)