

## **Chairman's Address to AGM 2007**

Fellow Shareholders, Ladies and Gentlemen,

Sirius reported an after tax profit of \$1,020,000 for the 2006/7 financial year. This includes \$820,000 of Deferred Tax Assets brought to account on the basis of achieving profitability in the financial year 2007, and the strong possibility of future profits.

The result compares very favourably with a loss of \$1.5m in the previous corresponding period and a loss of \$4.5m the year earlier. It confirms that 2007 has been a significant turning point for Sirius.

Our Pre-tax profit of \$200,000 compares to a pre-tax loss of \$1.5m the previous year, a \$1.7m improvement.

Aggressive milestones set by the Board for 2006-07 have been achieved including the development of our existing business divisions and the successful acquisition of Infomaster, a company that complies fully with our clearly defined acquisition template and plan. Our plan is focused purely on increasing shareholder value as quickly as possible. I would like to thank our Managing Director Frank Licciardello for achieving so much on behalf of the Board and shareholders over the 2006/7 year.

Moving forward, our long-term business plan sets a number of demanding milestones for the current year. The most challenging of these is to identify, negotiate, and complete the acquisition of a further business that fits our acquisition led growth strategy. To fit our strict criteria, a business targeted for acquisition must demonstrate a strong present and future position in providing Software and Services to both the Corporate and Government sectors, a track record of profitability, and through the right financial structure, be earnings per share positive for the Sirius group from the date of acquisition.

You will be aware that the Board recently implemented a federated hub and spoke model which involves Sirius acting as a holding company (hub) for its wholly owned companies such as Phoneware, Sirius Managed Services and Infomaster.

As stated last year, the existing Sirius business units have potential for growth, but they will not on their own provide sufficient revenue or scale for Sirius as a Public Company. The Board is challenged with achieving the big picture plan that it has set for the company, a path to generating sufficient revenue and profits to produce real shareholder value and dividends as soon as possible.

The acquisition of Infomaster has achieved all that we could have hoped for in one year in moving toward our vision but another acquisition of a carefully selected company is required again this year to give Sirius the scale and momentum necessary to fully justify public listing. Time is of the essence and any delays in execution could adversely affect the 2007/8 results.

I would like to thank our shareholders for their very strong support of our Rights Issue in July 2007 when \$2.295m was raised to enable the acquisition of Infomaster. We

were very pleased that our shareholders provided 71.2% of the maximum amount at a time of considerable share market volatility, with the balance picked up by the Underwriter. The representative of the Underwriter Keith Goss has indicated that he has no intention of selling down the shares taken up during the rights issue.

The successful Capital Raising and the inclusion of the Infomaster business in our accounts has improved our Balance Sheet subsequent to last balance date. Sirius's Phoneware subsidiary continues to be accepted by the market as a leader in the provision of call accounting software with an estimated market share of 40%. In March 2007, Phoneware was launched into the larger and broader area of Telecom Expense Management, the next logical stage of progression for the 18-year-old business.

TEM in Australia is still in its infancy and the market un-educated but the technology is attracting the interest of a number of Australia's largest companies. A number of these companies are trialing our software now but an important milestone is to complete the sale and installation of the technology at a large corporation in Australia to create a major reference site, this calendar year. You would appreciate that launching a new product in an immature market takes time and considerable investment prior to realising the gains of being an early mover to market.

The Boards strong confidence in the future of newly acquired Infomaster has been confirmed by the companies recent success in winning the highly competitive Coffs Harbour tender estimated to be worth approximately \$400,000. The change in ownership and implementation of improved corporate systems together with the competitive labour market has resulted in some staff turnover however we have been fortunate to be able to recruit new staff of a high calibre. Our Managing Director will provide commentary on the expanding opportunities open to Infomaster at the conclusion of the AGM formalities.

Our Managed Services unit continues to perform well and is contributing strongly to the Sirius Group results.

Operating under our new business plan, the word "Telecommunications" no longer accurately describes our business of Software and Services so we are seeking your approval in Resolution 7 to change our name to Sirius Corporation Limited.

The larger ASX Listed IT and software companies have shown considerable profit growth over the last 12 months and are at last being appreciated by the market. Many have traded on low PE multiples for some years but now trade at multiples of between 16 and 26 times. To date, this re-rating has not extended down to all smaller ASX listed software companies.

I wish to express my gratitude to Arthur Lagos and Roger Moore for their strong support and guidance over the past year. Roger Moore has previously announced his decision to retire after this AGM and I will make a presentation to him at the conclusion of this meeting, expressing the Boards strong appreciation for his distinguished service to the company.

As the company continues to implement its acquisition led growth strategy, the requirement to bolster new experience and skills on the Board has led to the appointment of Mr Keith Goss and Mr Trevor Moyle as Non-executive Directors on 16<sup>th</sup> August 2007. I encourage you to confirm their appointment and also re-elect Arthur Lagos by voting in favour of Resolution 3.

The personal responsibilities and liabilities placed on public company directors increase every year and for a company like Sirius working through a turn-around situation and change of direction, the personal risk to Directors has been higher than normal. Due to our size and previous trading losses, we are unable to compensate our Directors at levels comparable to other companies of our size and have therefore proposed the issue of Options in resolution 6. Your support for this resolution would be greatly appreciated.

I again draw shareholders attention to our loyal and committed staff. They are the ones we rely on to achieve our vision. We often unintentionally place them under considerable pressure due to our ambitions for the company but they are can-do people who want the company to succeed. I would like to thank them on your behalf.

**To sum up:**

- The company has moved from loss to profit.
- We have acquired Infomaster as per our stated strategy – a company with an exciting future
- The acquisition template has been road-tested and found to be an extremely valuable decision making tool for future use.
- The Rights issue was successful and strongly supported by existing shareholders
- Phoneware now has opportunities in a larger revenue market with much greater potential

I seek your strong support for the resolutions before you to enable us to move ahead with our strategic plan for the company and its shareholders.

Roger Mason  
Chairman