

Chairman's Address

In my address at the last AGM I highlighted that Sirius commenced a process late in 2003 to position the company for the opportunities over the coming years. These changes have continued this year culminating in a new divisional structure. These new business units are clearly focused on specific products and services that are aligned with the growth sectors of the economy. I am pleased to note that two of these divisions are beginning to deliver on their promise although a fair amount of work is still required on the Managed Services division.

Roger Mason, the co-founder of the company retired from the position of Managing Director in March 2005. I would like to thank Roger for his contribution to the Board and the Company during his tenure at the helm.

For the first six months the company is on track to deliver in line with its plans at the end of this period. The Board and the Management are committed to monitoring developments on an on-going basis to ensure the Company responds to all the opportunities as they are presented. The CEO's presentation at the conclusion of this meeting will provide more detail of the company's position.

The restructuring process and the impact of the new accounting regulations resulted in the capitalised development expenditure with a book value of \$4.3 million being written off. Some of this expenditure, such as on U-Bill Data, failed to realise any real or continuous income for the Company.

We have not retained some contracts, Defence and in due course, Hamilton Island. We have not retained the Australian Federal Police contract which has been on a monthly tenure for over 2 years. Clearly, a substantial number of employees will no longer be with us. However, these contracts were not particularly profitable and their loss will hit the revenue line but will have minimal effect on profitability. Government contracts, which we seek, must follow Procurement regulations and this normally requires a tender, an expensive procedure for a company like Sirius.

This morning I have advised the Board that I intend to resign as a Director of Sirius and therefore as your Chairman, as and from the close of the Board meeting of the Company set for the 21st February, 2006. I have made this decision for the following reasons (These are my views and not necessary the Boards):

It will be 12 months since the Board moved the Company to a new management structure. With a new CEO, he needs a new Chairman to provide on-going support for his endeavours to grow the company and reinstate shareholder value. In my opinion the Company under my stewardship has not achieved the success shareholders or I expect. "Success" is of course a difficult concept. There are those that believe survival in this difficult sector is a success and certainly a perusal of the telco sector over the last few years adds weight to this theory. However, I set myself higher goals than just surviving. I would like, and have always wanted to see this company, grow and to be a success and to this end I believe the company needs to produce higher sales volume and profitability. It needs to regularly have new products, new people at the top and a clear strategy of growth whilst retaining maximum flexibility to act quickly and effectively when the occasion requires. This may be by merger or acquisition but arguably organic growth cannot deliver the success I believe is appropriate.

Hindsight is a wonderful thing and a great advantage. Crystal ball gazing is hazardous. I said 5 years ago and it is still correct that this company needs a bigger

base – more products and sales, more shareholders and a better market for its shares, and of course real and lasting profitability.

I can see a reasonable future for the company with the present team of executives - a competent CEO and 2 senior team leaders in Tracey Currie and Jon Rackham in areas that can produce real growth if given a fair go and full support from the Board. However, it would be foolish to think this will be easy, we are after all, a tiny fish in a huge ocean, and the management team needs real support and encouragement, not a “slash and burn” approach, but carefully strategised support for growth, maintenance of cash flow and a realistic approach to profitability. As a company we need to be smart and flexible in our approach, we cannot be negative and forever defensive. In Avaya with VOIP and our re-emerging Phoneware businesses, we have opportunities for the future but we need to be quietly aggressive and not retreat to a fortress type mentality.

I thank you for the opportunity to serve as your Chairman since the listing of the company. I wish all in the company well for a successful future.