



Manaccom Corporation Limited

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ASX RELEASE – Wednesday, 21 October 2009

CEO ADDRESS TO SHAREHOLDERS



Good morning everyone and welcome to the 2009 Manaccom Annual General Meeting.

2009 marks our 10th year as a listed company and this milestone was marked with a string of record results.

- Revenue up 57% to \$59 million.
- EBITDA up 77% to \$5.1 million.
- Net Profit Before Tax up 68% to \$3.9 million.
- Net Profit After Tax up 78% to \$3.0 million (adjusted for comparison purposes).
- Annual Dividend is also up 50% to 1.5c fully franked.

As you can see, this is not just a small incremental increase, but a significant leap that puts Manaccom into a whole new category. Can you imagine what the year might have been if the global financial crisis *didn't* occur?

The biggest boost came from the online lottery division that signed an exclusive 5 year agreement with NSW Lotteries in December 2008. Lottery sales jumped from \$25 million to \$42 million with the second half very strong as a result of this agreement as well as a record \$90 million OzLotto jackpot in June 2009. The year ahead is expected to be stronger because we will be able to bring a full year of trading to account.

COMPANY SNAPSHOT

| | |
|--|-------------|
| ASX Code: | MNL |
| Shares on Issue: | 43 mil |
| Options on Issue: | 3 mil |
| Share price (20 Oct 2009) | 43c |
| Market Cap: | \$18.5 mil |
| PE (FY09 NPAT) | 6.2 |
| PE (FY09 EBITDA) | 3.6 |
| Projected share price based on FY09 NPAT \$2.96 mil | |
| PE of 7.5 | 52c |
| PE of 10 | 69c |
| PE of 15 | \$1.03 |
| EPS (FY09 NPAT) | 6.9c |
| FY09 Dividend per share | 1.5c |



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The Company's flagship website www.ozlotteries.com is firmly entrenched in the online lottery industry, just as Australians are beginning to realise the convenience of buying their regular lotto tickets online. Last year, \$3.4 billion was spent on lottery games Australia wide with online sales representing only 2.5% of this. Other countries that have established online lotteries are already recording between 5% and 10% of their sales coming from the internet. Tattersall's, the only other online lottery seller in Australia besides Manaccomm, recently reported good growth with their internet sales already contributing 4% of all lottery sales (2009 Tatts Group Annual Report).

What drives a regular lottery player to go online? Most players simply play their favourite numbers every week so our website www.ozlotteries.com automates the selection of numbers, submitting games, checking numbers and collecting winnings week after week. For the advanced player we offer syndicates and regular jackpot watch emails so they never miss out on a big draw.

The software to handle all this has been built in-house over the past few years and represents an important asset going forward. We have also accumulated a large customer database of lottery players that is another significant asset for the Company. The value of these assets are not fully reflected in the balance sheet.

What happens after 5 years when the current agreements expire? In addition to working towards the renewal of our current agreements for a further 5 years, we are also working on a number of projects that are designed to expand our horizon beyond 2014. I am very confident of being in a position to release further information about these projects in the year ahead.

Software Distribution and Publishing Division

The software distribution and publishing division had a solid year, capped off with two major deals.

1. A 3 year exclusive distribution deal with McAfee, a world leader in security software.
2. Distribution deal with MYOB in July 2009.



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The 3 year McAfee deal will cause some short term pain with long term gain. The changeover from Trend Micro needs a few months to change the in store sales to McAfee. After that I expect this division to be in a much stronger position than before.

The cornerstone to this business has always been a strong relationship with the major retailers. If the relationship is strong with Harvey Norman, JB Hi-fi, Officeworks, Dick Smith and all the other major retailers, then the software vendors come knocking. At the recent Harvey Norman national conference, Manaccom was in fact awarded the title of Software Supplier of the Year for the third time running and was a finalist for the overall supplier of the year.

My fellow director, Ian Mackay was instrumental in achieving these milestones and I'm sure he'll be happy to discuss them with shareholders after this meeting.

New site sales for Star System Solutions have been lower than expected, particularly in the USA which has been affected by the global financial crisis. However existing customers of the software have generally continued to pay their annual fees and this has been encouraging. We have recently added a new US based sales representative to the team to help boost new site sales.

Overall, Manaccom has weathered the global financial crisis very well. The economy seems to have shrugged off the crisis and is powering ahead. Manaccom has also seen a doubling of its share price from levels below 20c around this time last year to above 40c these past few months. Manaccom's success is beginning to be recognised by the investment community and we are working with analysts and brokers to expand the shareholder base. At 50c, our PE is around 7 based on a trailing profit after tax which is still low compared to other similar listed companies. Personally, I think Manaccom has an excellent base from which further share price growth can be attained.



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Appreciation

Finally I would like to acknowledge the valuable contribution made by the entire staff, not only in Brisbane, but around Australia and overseas.

I would like to also thank my fellow directors, David Barwick, Ian Mackay and Company Secretary Bill Lyne for their guidance and wisdom over the past year.

Thank you.

For further information:

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