



Manaccom Corporation Limited

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ASX RELEASE – Tuesday, 28 October 2008

CEO ADDRESS TO SHAREHOLDERS



Good morning everyone and welcome to the 2008 Manaccom Annual General Meeting.

The past year has been a very positive one for Manaccom - Record \$2.7 million profit, maiden dividend and record trading in both our major divisions.

The software distribution and publishing division has expanded and has announced new agreements with software vendors and retailers throughout the year. Just last month it took over Intellitron, a smaller Brisbane-based software distributor.

The online lottery division has also grown after aggressive marketing campaigns throughout the year with Ninemsn and Yahoo. In July this year a new agreement was signed with Tattersalls extending the relationship until 2013.

New projects have also been unveiled to ensure we are planning for the future. JumboRewards.com was launched last year and is making its mark in the online advertising and traffic management market.

2large2email.com has just been launched as a useful online productivity tool that allows businesses worldwide to send large files via email.

But the dramatic changes to the economy over the past month gives rise to new challenges for Manaccom for the year ahead.

No adverse effects have been felt in general trading. The software distribution division has just had its best month ever driven by the annual upgrade of the Trend Micro Internet Security product.



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The online lottery division is just now entering its busy christmas period, starting with the November 1 Superdraw and extending until the New Years Eve Superdraw.

But ignoring the economy is not an option. It's a reality thrust upon us testing the Company and challenging us to respond. We are responding by putting in place measures to shield us from any potential downturn. Costs are being scrutinized, sales are being pushed harder and we are on the lookout for more buying opportunities.

Acquisition of Star System Solutions

This brings me to the announcement made earlier today about the acquisition of Star System Solutions.

Star is a successful enterprise software business that develops specialised accounting software for large companies, predominately in the USA.

The acquisition fits neatly into our software sales division and gives us a foothold into the enterprise software market. It provides Manaccom with a more balanced mix of retail and enterprise software sales and move us up the supply chain from software reseller to IP ownership.

I have just returned from the USA after attending an Enterprise software conference and had the chance to meet some customers and partners that work with Star. Feedback has been overwhelmingly positive and significant opportunities exist for expansion.

Star has a long profitable track record with average annual earnings before interest and tax of \$1.0 million over the past 4 years.

The purchase price of \$3.45 million represents a PE of 3.4 and is to be funded by \$1.95 million of vendor finance linked to sales, \$1.0 million bank finance and \$0.5 million cash.



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Cash flow is strong with 49% of total revenue coming from recurring annual income for software maintenance on products already sold over the past 8 years.

Now Manaccomm has an additional profit generator in addition to the retail software distribution division and the online lotteries division.

With this in place Manaccomm is in good shape to tackle any potential economic downturn and emerge stronger than ever.

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 and 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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<u>COMPANY SNAPSHOT</u>	
ASX Code:	MNL
Shares on Issue:	43 mil
Options on Issue:	3 mil
Share price (27 Oct 2008)	19c
Market Cap:	\$8 mil
FY 2008 NPAT	\$2.73 mil
FY 2008 EBITDA	\$2.86 mil
PE (FY 2008 NPAT)	3.0
PE (FY 2008 EBITDA)	2.9
Projected share price based on FY 2008 NPAT \$2.73 mil	
PE of 7.5	47c
PE of 10	63c
PE of 15	95c
EPS (FY08 NPAT)	6.3c
Dividend per share	1.0c