



Manaccom Corporation Limited

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# MANACCOM ACQUIRES SUCCESSFUL SOFTWARE BUSINESS FOR \$3.45 MILLION



Leading Australian IT and e-commerce company Manaccom Corporation Limited (ASX:MNL), announced today it had signed a contract to acquire Star System Solutions, a successful enterprise software business, for \$3.45 million.

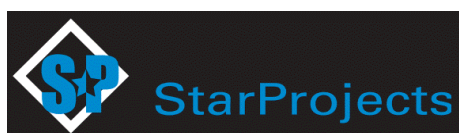
The acquisition will strengthen Manaccoms enterprise software division by providing a more balanced mix of retail and enterprise software sales and move Manaccom up the supply chain from software reseller to IP ownership.

Star Systems has a 8 year profitable track record with average annual EBIT (Earnings Before Interest and Tax) of \$1.013 million over the past 4 years of trading.

Recurring revenue from large customers account for 49% of revenue.

The flagship product – Star Projects – provides large enterprises with job costing software capable of working with large enterprise accounting systems.

“The acquisition of Star fits neatly into our software sales division and gives us a foothold into the enterprise software market”, said Manaccom CEO, Mr Mike Veverka.



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



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“The size of this acquisition is ideal for Manaccom at this stage of its growth because the \$1.0 million annual profit before tax is significant enough to strengthen the Group’s profitability and still keep debt levels very low”, he said.

Manaccom recorded a \$2.73 million net profit after tax for the recent 2008 financial year.

### **Acquisition Details**

The purchase price of \$3.45 million is to be funded as follows:

1. \$1.95 million Vendor Finance with repayments based on sales.
2. \$1.0 million Bank Finance.
3. \$0.5 million Cash Reserves.

“Funding has been structured to minimise debt and reduce the risk of declining sales”, said Mr Veverka.

Settlement date is set for November 14, 2008. Existing staff are to be retained and the Vendor has agreed to assist in the transition.

### **Sales of Star Products**

Key revenue drivers for Star Sales are as follows.

1. New Product Sales. Product licences are sold via resellers predominately in the USA. Typical sales are in the order of \$50,000 per license and are sold to large international enterprises.
2. Recurring Sales. Recurring maintenance revenue account for 49% of total revenue and covers software updates and customer support needs.
3. Consulting Sales. Customisation services are offered to customers wishing to have the software modified to suit their particular needs.



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## About Manaccomm

Manaccomm recently reported a record Net Profit After Tax of \$2.73 million and a maiden 1.0c fully franked dividend. Manaccomm Corporation Limited is the amalgam of two successful businesses plus two emerging new ventures.

**1. Online Division.** This business was acquired in 2005 and is involved in the online sale of Australian lottery tickets from [www.ozlotteries.com](http://www.ozlotteries.com) and from a number of outlets in Pacific countries such as Fiji, Samoa and Norfolk Island.

**2. Distribution and Software Publishing.** This business was acquired in 2007 and it publishes and markets popular software titles through large retailers and independent resellers in Australia and New Zealand. Key retail relationships include Harvey Norman, Dick Smith, Officeworks, JB Hi-Fi, Big W, and Noel Leeming. Products include Trend Micro Internet Security, Net Nanny and Zone Alarm. Full technical support on all products is provided through an in-house call centre.

To ensure continued growth and to remain at the forefront of the IT industry, Manaccomm has two emerging ventures.

**1. Sellerbyte.** This division markets software online on behalf of developers. Sellerbyte also develops web based applications to simplify the use of the internet by business - the flagship product ([www.2large2email.com](http://www.2large2email.com)) allows for large files to be shared worldwide.

**2. Jumbo Interactive.** This division is involved in internet advertising and online traffic management. The division operates the popular [www.jumborewards.com](http://www.jumborewards.com) website.

### For further information:

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